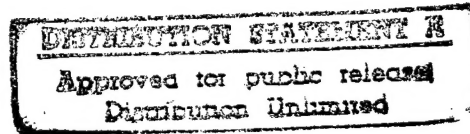




# ***JPRS Report***



# **East Europe**

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# East Europe

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### **Soviet Satellite Photographs To Be Exploited**

AU2004111092 Sofia 24 CHASA in Bulgarian  
11-12 Apr 92 p 7

[Article by Rumen Todorov: "A Russian Owns Declassified Pictures of Our Country's Territory"]

[Excerpts] A Soviet satellite shot 30 pictures of Bulgarian territory in September 1991 from a height of 450 kilometers at the initiative of the National Land Council, Dr. Anatoliy Shutko, president of the Russian Geoinformatics Institute, announced yesterday. According to him, the most accurate topographic maps can be drafted on the basis of such pictures.

The Ministry of Defense, the Ministry of Environment, and the Committee of Geology and Forestry also wished to use the information, which is a result of the conversion of military industry.

The price of one negative from the aforementioned series of photographs amounts to \$1,000. A picture costs twice as much. U.S. and French photographic material of this kind, which are not even of the same high quality, reportedly cost at least twice as much on the international market. [passage omitted]

The Russian satellite information can provide for the needs of the National Land Council for determining the natural borders of farming areas, forests, and urban areas and can also be useful in drawing topographic maps. Mr. Price [not further identified], a British expert on long-distance research, described the pictures as the best in the world.

### **General Staff Head on NATO Conflict Prevention**

AU2104132692 Sofia BULGARSKA ARMIYA  
in Bulgarian 13 Apr 92 pp 1, 4

[Interview with Colonel General Lyuben Petrov, head of the Bulgarian Army General Staff, by Lieutenant Colonel Vladi Vladkov in Sofia on 11 April: "Peace Is Not Military Business, but Only the Military Can Guarantee It"]

[Excerpts] On 11 April, the Bulgarian military delegation led by Colonel General Lyuben Petrov, head of the Bulgarian Army General Staff, returned from Brussels, where it had taken part in the session of the NATO Military Committee. The heads of the general staffs of Eastern and Central Europe were invited to the meeting. A BULGARSKA ARMIYA representative met Col. Gen. Petrov at the airport and asked him the following questions:

[Vladkov] Colonel General, what are your impressions of the session in Brussels?

[Petrov] In addition to the 16 NATO countries, representatives of 21 countries from Central and Eastern

Europe were also invited. Some 14 of them attended. Representatives of seven states from the former USSR did not come.

The forum was exceptionally interesting. The atmosphere was friendly and open. Everyone shared his views, problems, and considerations in a calm manner.

[Vladkov] In other words, the "enemy image" disappeared!

[Petrov] Yes, we talked about it. Representatives of both the West and the East brought up this topic. The general opinion was expressed that there are no longer enemies and rivals but only partners and friends. There are problems, and approaches and mechanisms for resolving them must be sought. Great concern with guaranteeing Europe's security was expressed. I think NATO will be the basic center that will head those processes because all countries will have an opportunity to attend its forums. NATO's role in managing those processes has become much more determining and important. [passage omitted]

[Vladkov] As far as I understood from the mass media, the delegation of the Bulgarian Army General Staff has proposed an initiative to prevent conflict situations. Could you add some details?

[Petrov] Yes, we proposed to work out a mechanism to prevent conflict situations. It would include the establishment of an information organ at NATO headquarters that would adopt preventive measures on the basis of rapidly receiving information and assessing the situation in crisis regions, and thus prevent the conflict. In my statement, I expressed the opinion that it would be more important if our cooperation were to lead to preventing conflicts and crisis situations, rather than eliminating them after they arise. A significant contribution to this could be made by implementing the Treaty on Conventional Armed Forces in Europe already this summer. [passage omitted]

### **Defense Minister Reviews Status of Army Reform**

AU2204110392 Sofia DEMOKRATSIYA in Bulgarian  
14 Apr 92 pp 1, 4

[Interview with Defense Minister Dimitur Ludzhev by DEMOKRATSIYA correspondent Emil Mladenov; place and date not given: "Military Reform From A to Z"]

[Text] [Mladenov] Mr. Minister, has the Defense Ministry achieved the main goals it set for itself in the first stage of implementing military reform?

[Ludzhev] The tasks we had to resolve last November and December were set out in the Memorandum on Cooperation and the Military Reform. At the risk of sounding trite, I can say that the changes are proceeding according to the schedule we devised. Within a few months, we have accomplished things that for almost



two years existed within the ministry only as good intentions. We completed the reorganization of the leaderships of the Defense Ministry, the General Staff, and the Armed Forces branches. We have already established civil structures, put young people in charge of them, and established a new high command staff for the Army. Redundancies in the ministry's leading structures have reached 40 percent. Some people were relieved following the closure of the agencies for moral and psychological training, Military Counterintelligence, Defense Support Organization, and certain rear support services, while other officers were retired on reaching the maximum age for their relevant ranks. The newly formed Strategic Studies Center has drafted a national security strategy. This document ends with a declaration on the aims and principles of our policy and is to be disseminated among our NATO partners. They already have copies of our Military Reform Program, which mainly deals with the new structure of the Armed Forces and the transition to organizing our troops on a brigade and corps basis. All of this is very important because it is based on the new approach, in the understanding that we no longer have enemies but partners, as a result of which our entire military doctrine was drafted as defensive.

[Mladenov] The next package of documents should make changes in military legislation....

[Ludzhnev] The draft law on defense and the Armed Forces is now ready. I would like to use this opportunity to say that this bill certainly contains shortcomings that we, the General Staff, and the other Army departments have allowed to slip through. The Rakovski Legion, however, is trying to criticize us to such an extent that it is only making speculations and insinuations concerning us. For example, I also believe that we should have professional organizations of military employees, but, at the same time, I do not believe that active-duty sergeants and officers should have such organizations. The Supreme Military Council adopted a number of documents concerning the military economy, and a program has already been drawn up for its development. We were the first of all of the ministries to introduce budgeting instructions, and we adopted regulations for economic and financial activities in every sphere. We have also prepared a draft code of regulations for military service. The new wartime plan awaits approval.

The demilitarization process encompasses all structures providing services to the Army. The relevant posts will be occupied by civilians possessing the necessary education—medical, economic, technical, or in the humanitarian arts. This is not an end in itself. Our country, which followed the Soviet model, is still militarized to an incredible extent. With this aim in mind, we have already prepared projects to end the activities of the Construction Troops, the Transportation Troops, and so on. The philosophy of the military reform is to conduct it on a universal basis, without giving priority to any field, and it is precisely this that has helped us compensate for our past omissions and, in some respects, even overtake certain East European countries.

[Mladenov] If you were able to start again, what would you not repeat?

[Ludzhnev] That is a complicated question. Frankly speaking, I find it difficult to single out anything that has been a complete mistake. Of course, we did make errors and omissions in our work and in personnel appointments. That is quite natural because the reform is open in nature, and many of the structures we have set up have undergone changes. Further changes also lie ahead in the next, working stage of the reform. The former Military Counterintelligence provides an instructive example. People who have worked 10-15 years in the Third Main Department of the State Security and obtained their political education and training in the schools of the Interior Ministry cannot be employed in the new security service. We must have people qualified by their length of service in the investigation organs, prosecution service, and the military police in order to create a force to combat the mafia that largely consists of former intelligence and security officers.

[Mladenov] How do you reply to the charges that the General Staff contains a nest of former cadres of the Central Committee of the Bulgarian Communist Party [BCP] and officers connected with the so-called revival process [forcible renaming of Bulgarian Muslims in 1984-85]?

[Ludzhnev] General Staff personnel has been cut from 1,400 to 800. Numerous departments and sections have been closed and new people appointed to head most of the ones that continue to exist. These persons were appointed on a competitive basis, on the basis of specific criteria relating to educational qualifications and training I approved personally. We are doing all of this in accordance with the rules for staff selection used internationally. We are considering reducing the numbers of generals and colonels. As the new corps structures are created, we will inevitably make the officers' ranks correspond to the posts they occupy. This will unavoidably lead to the release of some of the command staff. For example, in the ground forces command, no more than 140 of the present 300 or so officers will keep their jobs. However, one should not think that an officer who served under Dzhurov's command inevitably supports the old way of thinking and leadership. A minister should have respect for his subordinates.

The insinuations made by the leadership of the Rakovski Legion that large-scale, secret dismissals have allegedly been prepared among the troops have nothing in common with the truth and reality. The opposite is the case. Trust and close cooperation exist between Colonel General Lyuben Gotsev, chief of the General Staff, and me. It is his right to select his own assistants and members of the General Staff. I respect his view that they are very-well-trained staff officers. It is no secret that most members of the present command staff are former BCP members. This is the reason the decommunization process is being carried out. In my view, it is not such a simple matter to dismiss these former BCP

members and be done with it. Real decommunization shows up in their attitude to the reform. If they implement the reform by making democratic changes in the troops, there is no reason for them to leave the Army. However, we will clearly have to part company with those who put spokes in the wheel on a daily basis. Regarding the participation of the Bulgarian People's Army in the "revival process," I have already answered a deputy's question in the National Assembly. The investigation is continuing, and I can only state that, if an Army officer is proved to have participated, the least punishment will be that he will be dismissed from the service. In this respect, we will be uncompromising.

[Mladenov] In that case, is there any truth in the assertion that the Army may be decapitated by the implementation of decommunization or following the adoption of the law on the state employee?

[Ludzhev] This is yet another speculation by those who represent themselves as the Rakovski Legion. The majority of their leaders, who continuously complain at news conferences or in the mass media, did not even show up at the competitions and, accordingly, were put on the retirement list. I also signed an order ending the relationship between the ministry and the legion because the document on these relations had already become obsolete. It served the interests of the old Defense Ministry leadership and the General Staff, interests the legion is still attempting to serve. The legion's representatives, formerly political officers, are now making a great row, yet Lieutenant General Lyutskan Lyutskanov, for example, commander of the ground forces and a former BCP member, does not utter even a word about repressions, simply because he is a professional and does his job.

[Mladenov] Our editorial office is receiving letters from officers who claim that they were repressed during Dzhurov's time. Will these people be rehabilitated, either socially or professionally?

[Ludzhev] As you know, such acts of rehabilitation have already been carried out. All who believe they have been overlooked should make written application, setting out their arguments, to the Legal Department of the Defense Ministry or to Valentin Aleksandrov, secretary of state for defense. At the same time, the ministry is preparing lists of all generals and officers who were involved in political or criminal offenses. These officers will naturally be cashiered, and this is another form of moral retribution.

[Mladenov] Certain people are bringing speculative charges against you that, in the international work of the Defense Ministry, you are appropriating some of the duties of the Foreign Ministry.

[Ludzhev] These are primitive and simplistic interpretations aimed at causing conflict between two exceptionally important ministries. We have no problems in our work with the Ministry of Foreign Affairs. We work side by side with their experts. The Brussels meeting, which

was attended by defense ministers from all of Europe, the United States, and Canada, provided the most recent proof of the cooperation between diplomats and soldiers. It cannot be otherwise because the security policy includes both foreign policy, which is the government's prerogative and is expressed by the Foreign Ministry, and military policy, which is one of the prerogatives of the ministry I lead.

#### **Podkrepa Leader Trenchev on Privatization**

*AU1704115392 Sofia PODKREPA in Bulgarian  
10 Apr 92 pp 1, 4*

[Interview with Konstantin Trenchev, Podkrepa Labor Confederation president, by Angel Kolev; place and date not given: "Trade Unions Are Real Force That Guarantees and Facilitates Change"]

[Excerpts] [passage omitted]

[Kolev] Mr. Trenchev, you met the king [Simeon]. As far as we know, it was a personal and private meeting.

[Trenchev] Precisely.

[Kolev] What did you talk about with the king? Did you talk about his wish to visit Bulgaria?

[Trenchev] We talked a lot about Bulgaria. We talked about many things. The king is seriously concerned about the exacerbation of the negative tendencies in our society. As a Bulgarian, he must be interested in this, and, as an honest man, he must have compassion with us at this difficult stage. We also discussed the political scene, the progress of the reforms, the difficulties they are encountering, and the possibility for our society to base itself on a real democratic foundation. We also talked about the reports in the press about the possibility of his visiting, as well as a visit of the royal family. [passage omitted]

We did not specifically discuss his visit to Bulgaria. Perhaps, at the present stage, he assesses the situation as unsuitable for such a visit. I was curious about the scandal in Liechtenstein [a planned meeting with then Prime Minister Dimitur Popov that did not take place]. Dimitur Popov really knew two months in advance that there would be a luncheon and that the king would attend it. The Bulgarian delegation's visit to Liechtenstein had a financial aspect. The delegation was late for the luncheon. Afterward, members of the delegation said that the Bulgarian prime minister was in his car and that he did not want to enter the palace if Simeon was at the table. Our king proposed to leave and have lunch with his family. Liechtenstein's sovereign has said that his family has headed Liechtenstein for 600 years and that, until then, no one had told him what to do in his own home—certainly not a small-time politician from the East, who, anyway, had come to beg for alms. Therefore, he said that he would not insult his relative and that there was nothing secret about the whole affair. That was

the real nature of the whole affair, which our mass media tried to depict as a very complicated case. [passage omitted]

[Kolev] What is your opinion of the progress of the reforms in Bulgaria?

[Trenchev] I think there is practically no reform in Bulgaria. There was a half-hearted attempt last year. I am not against the reform. On the contrary, we support a real and decisive reform. The elementary truth is that the old elements will not produce a new result. It would be incredibly stupid to try to save the old elements. However, we also cannot agree to allow the old elements to disintegrate without anything new being constructed. [passage omitted]

[Kolev] The responsibility lies with the government, our government, because we also voted for it.

[Trenchev] The government is not using the entire reserve of the subjective factor, which really could mark the beginning of the serious reform we all want. This is not the task of the trade unions. They could only offer cooperation. However, they could act only if there is a dialogue. There is no dialogue; passivity reigns. The old elements are disintegrating in a sporadic manner instead of being eliminated and having the new elements constructed.

[Kolev] How do you explain the delay in developing social partnership and dialogue? It seems that the government is hesitating too much and delaying developments.

[Trenchev] I think there are people in the government who think that no other social forces should participate in the great process of transition. They invoke Margaret Thatcher, but I think they are not familiar with the English reality, or perhaps they try to see only what they want in that reality. The change that Mrs. Thatcher effected took account of the interests of the people. She knew how to inspire the people to work. She afforded them the opportunity to become owners. Minister Pushkarov's privatization project does not envisage any special priorities in helping the people to become owners, something that, against the background of our situation, is urgently needed. It must be remembered that the Union of Democratic Forces [SDS] insisted on this in its election platform—namely, that the workers in the enterprises should own a certain percentage in the enterprises. This demand was inspired by Mrs. Thatcher and her experience. What Pushkarov wants is not Thatcherism. He wants to determine what will be privatized and what not. This is ministerial privatization. It is our moral duty to point out the mistakes that are made. We have this moral duty to the SDS because we were among the founders of the SDS. We cannot remain silent when, for subjective reasons, the policy that is conducted harms the interests of society as a whole, and, specifically, the interests of our political partners in the SDS. The SDS is an idea that is implemented and protected through its representatives' manner of governing. We are concerned

with the disappearing credit of confidence and the social dissatisfaction with the policy that is conducted. A great part of the difficulties is a result of objective reasons—namely, the heritage we received from the communist governments. This is terrible, but we think that much could be done—and not only in the material sphere. This is within the competence of the government, and, more precisely, within the competence of its economic team. [passage omitted]

### Nationalist Weekly on Gypsy Problem

92BA0693A Sofia ZORA in Bulgarian 25 Feb 92 p 6

[Article by Ivan Milankov: "Gypsy Capriccio in Plovdiv"—first three paragraphs are ZORA introduction]

[Text] We learned recently from the press about Manush Romanov's intention of founding a Gypsy party, a party based on ethnic grounds. In his view, that party should defend Gypsy rights.

Following is a report from the notorious Stolipinovo District in Plovdiv, now renamed Izgrev. It is inhabited jointly by Bulgarians and Turks. There they are already speaking of a "Gypsy invasion," and "mini-Gypsy wars." Is it possible or necessary for some to impose upon others their own way of life and their value and moral systems? Who is creating problems for whom, and since when? However, in the eyes of the law all of us must be equal.

But read the following!

For a long time, there was talk in the United States of the "Vietnam syndrome," which had caused irreparable devastation among young people who had participated in the "dirty war." Currently, there is talk in Bulgaria about the "Gypsy syndrome," which is causing not only moral but also tangible material devastation.

Some 40,000 Gypsies live in Plovdiv, but most of them are concentrated in the notorious Stolipinovo District. I do not know who among our "smart" rulers named this district Izgrev. This was pure mockery, but, indeed, it is from here that the threatening dawn of the Gypsy invasion began.

The residents of Stolipinovo include 22,000 Gypsies and 20,000 unfortunate Bulgarians. These 22,000 Gypsies are the criminal core of the city. According to Colonel Ivan Georgiev, commander of the Fourth Police Administration, which is assigned to the district, more than 79 percent of all crimes are committed by our dark-skinned fellow citizens, and, in the district itself, it is rare for a Gypsy not to have had dealings with the police.

The reasons for such crimes? In no case should the police be accused, said Georgiev. The reasons are complex, but, from the viewpoint of the police, the prosecutor's office shoulders a great deal of the blame because it rules that, after a criminal has been detained, regardless of how

many crimes he has committed, he is to be released, either by posting bond or without it. What about the other factors?

Kuzman Stoev is deputy chairman of the NDZPCh [Independent Association for the Defense of Human Rights] and a member of the township council, a person who knows the Gypsies well, which is why I asked him to comment briefly on the situation.

According to Mr. Stoev, the reasons for the growing avalanche of Gypsy crime are several, and he emphasized the most important, asking that I emphasize that this is his own personal view and not that of the township council or the NDZPCh. Accordingly, first is the Gypsy differentiation. The district has three strata of dark-skinned associates. The first are the businessmen who make major deals, involving large amounts of money, gold, and foreign currency, and exert influence over the others. Second, a minority, are those honestly employed in various state and private enterprises and companies.

The majority consists of nonworking elements, if we may describe them as such or, rather, loafers to whom labor is an abstract concept. In the past, they engaged in petty theft in the cities. Now, however, a true Gypsy mafia has become apparent, and it would be interesting to know why it is that the Plovdiv townships leadership keeps stubbornly shutting its eyes to this sinister fact!

This mafia went so far as, in addition to traditional pickpocketing, robberies, and break-ins, terrorizing its own district, stealing from its own compatriots, and, from time to time, waging real "mini-Gypsy" wars.

I already mentioned the some 20,000 unfortunate Bulgarians who live in Stolipinovo. They are unfortunate because their children are regularly deprived of their school money by the little Gypsies and, quite frequently, lose their clothing and other objects. Women and girls walk cautiously in that district where the Gypsies rule, afraid of being robbed or raped, which happens frequently. Cars owned by Bulgarians are periodically broken into, kindergartens and schools are vandalized, and the windows of their apartments are smashed.

Last year, for a period of nine months, 44 Bulgarian families living in Stolipinovo went on strike, putting up tents in front of the township council's building. The township personnel remained indifferent, and the former city mayor, Mr. Somlev, tricked the strikers by saying that he would resolve this problem; the people, trusting Bulgarians that they were, broke up their camp. Alas....

Not long ago, 45 apartment units previously inhabited by Vietnamese were put at the disposal of the Stolipinovo population in the Skobeleva Mayka District. However, only two of the striking families found their way to these apartments. Petitions for moving or, rather, rescuing people from the Gypsy district total 854! I asked Teodor Dimitrov, president of the township council, and Dr. Garabed Tomasyan, the city mayor, how and when they intended to settle this explosive issue. Will the needs of our compatriots be met, and when will they be rescued from Gypsy violence?

I mentioned that the police are not at all to be blamed, and, indeed, Col. Georgiev's boys are working conscientiously, as everyone agrees. But what can 10 or 12 policemen do, opposed by an insane Gypsy crowd numbering in the thousands? Should they open fire?

There is only one solution: provide housing for the Bulgarians who live in Stolipinovo elsewhere in the city. Let the district become purely Gypsy (as it was in the past), with its own ethnic culture, way of life, and customs. We shall not engage in a new "revival process" and ask the Gypsies to become Bulgarians, which would be ridiculous and stupid! Let them live according to their own customs, let them use their own tribal-clan system, but let them not forget one thing: They are citizens of the Republic of Bulgaria, and the laws apply equally to them! In that case, the police and the indifferent prosecutor's office should have a say. The Gypsies should not be coddled under pressure of the DPS [Movement for Rights and Freedoms] because of their help in winning the elections but should be treated like all other Bulgarians—equally in the eyes of the law—because crime has no color. It has no party, but that does not make it any less cruel or brutal because it always remains crime. Let us stop bowing politically to Gypsies and Turks, gentlemen rulers from the SDS, because, otherwise, instead of saying "Hello, sir," we shall soon be saying "Marhaba, arkadash!"



### Havel's Present, Postelection Role Considered

92CH0430B Prague LIDOVE NOVINY in Czech  
24 Mar 92 p 8

[Article by Jindrich Fibich, assistant professor of Political Science, Charles University: "The President and the Others—What Role Could Vaclav Havel Play Before the Elections?"]

[Text] The fact that President Havel gets ovations and appreciation during his trips and speeches abroad, and at home faces a growing lack of understanding and ingratitude, is beginning to be dangerously reminiscent of his colleagues Gorbachev and Bush. A considerable number of our politicians all too often arrogantly minimize his philosophical foresight with which he brought our minimal democratic dissent movement to the initial victory over the superior forces of the totalitarian regime. These new political leaders think that in the current second act the main skirmishes and arguments are about private ownership, free market, democracy, and the state setup, taking place between the usual partisan groups of the right and left. But according to Havel, in all parties and movements they are more about the basic concept and goals of the post-totalitarian reconstruction of the economy, the democratic state and a civic society, taking place between manipulators and emancipators.

The third act that will come after the elections will either bring the resolution of some problems or intensify them and start a trend leading to disaster. At the same time, Havel's previously supreme and conceptual role will either be developed further or undermined or negated. Which will be either beneficial or detrimental to all of us. Here the problem could be that in many instances Havel's philosophical and moral overview is beginning to lose touch with reality, or be subject to the distorting optics of his not always sufficiently qualified advisors. His main weakness on the domestic front is that he does not sufficiently establish and use direct contacts with people in other positions. Particularly with deputies and leaders of political parties, trade union functionaries, and representatives of citizens' initiatives and special-interest associations or clubs.

Many of Havel's opponents conceive democratic politics according to sometimes obsolete, other times one-sided, at a group level conflicting and manipulatively partisan models that have proven effective for some Western parties or politicians. Havel's idea of democratic politics has much deeper humanitarian and personal roots, it respects global connections and looks to more distant horizons, and is therefore more conceptual. In that he is obviously closer to postmodernism, as well as to some inspirations gleaned from the Club of Rome, Pope John Paul II (see the encyclical *Centesimus Annus*), the Ecumenical Council of World Churches, or some thinkers of the alternative movements.

However, these two different approaches to politics do not have to sound antagonistic, or cause uncertainty and

displeasure among the public. They could, and should, supplement each other, provided the following two conditions are met:

- That the representatives of practical politics will recognize the need for more theoretical, complex, and long-term concepts which Havel offers to them from time to time, and will be able to engage them in productive dialogue and gauge their short-term actions by them.
- That Havel will look more often and more effectively for his sources of inspiration for his ideas and feedback in concrete situations and the context of our civic society.

Only thus can we avoid two serious threats of conflict in the upcoming election campaign:

- That politicians in their strictly partisan struggle for power will cause a flood of incomprehension, malice, and antagonism, which will paralyze the regenerative powers of society.
- That the president will lose the support of a considerable part of the public, once he stops noticing that ever greater numbers of it are being socially sacrificed and pushed into a status of unenterprising, and therefore second-rate, people, and that they are threatened by developmental deformations and failures in their professional existence and personal lives as well as in their spiritual and moral growth.

The fact that a considerable part of our Federal Assembly is stubbornly rejecting any expansion of presidential powers, as well as the disintegration of the supraparty political movements (Civic Forum and Public Against Violence) indicate that the basic concepts of the new democratic representation are becoming concretized and differentiated. At the same time there are many indications that the disintegration of these movements was not caused mainly by the yearning of their adherents for "proven" solid party structures and discipline, which bring more benefits to the leaders than to those being led. Rather, the main cause was the necessitated move of most of their elite into power positions, and the abandonment of the demanding work of formulating long-range projections and stable forms of civic society, as well as of their initiatives in individual jobs and institutions. This deficit has been impeding us to this day.

There is another serious problem with this rampant partisanship. It is the substantial progress, both general and in time, in the development of Europe and the world into which we want to integrate ourselves. It so happens that for a long time now elementary democracy has ceased to be the same as evolutionary democracy, formal democracy the same as participatory democracy, and institutionalized democracy identical with personally internalized democracy. And a considerable number of our politicians somehow naturally lean more toward the concepts and attitudes of the first type and Havel to the second type.

The efforts to somehow bring about a monopoly, or rather an oligarchy, of power onto the floor of the parliament already demonstrated their considerable weaknesses during the First Republic. Direct elections of the president and a temporary, made to order presidential system could have prevented a number of unfortunate phenomena and trends during Masaryk's as well as Havel's time.

Another serious question in this latent dispute about the conception of representation, is "who should represent, and whom, how, and to what end." A considerable number of our ambitious political representatives brandish the general democratic slogans, but in their heart of hearts and in reality they rather tend towards the old authoritarian vices of directives by secretariat, the linking of economic and political elites, orations in the parliament, and demagogic manipulation of partisans, voters, and citizens. But President Havel conceives his above-party stance as an innate aversion to a similar conception of political representation and as a service to the entire civic society, common state, and their moral and spiritual development. In order to achieve a cooperation of all similarly thinking people it might be helpful to establish not so much a party but rather a society of (civic-minded) friends and (expert) advisers of President Havel.

President Havel, being above party politics, could best and most effectively participate in the elections by using that which is his inner strength. By presenting to his followers and all citizens his nonpartisan and philosophically based, long-term global vision, program, or scale of values, which would serve as a motivation in the elections as well as after them for the transition of our society from the post-totalitarian stage of democracy to an evolutionary and humanitarian democracy. Particularly in the politically still neglected social, cultural, moral-educational, spiritual, and personal growth dimensions. This value perspective could then become a consensually uniting factor for a number of programs and partisan and nonpartisan activities.

The strength of thinker and creator Havel lies in his own ideas and formulations. The strength of President Havel can only be in his linkage and cooperation with all equally honest citizens and experts.

#### **Czech Liberal Coalition Presents Its Program**

92CH0427A Prague SVOBODNE SLOVO in Czech  
18 Mar 92 p 8

[Unattributed interview with Pavel Hirs, secretary general of Liberal Social Union; place and date not given: "We Interviewed the Secretary General of the Liberal Social Union-Czechoslovak Socialist Party, Eng. Pavel Hirs: The Aims of the Liberal Social Union"]

[Text] [SVOBODNE SLOVO] A new political force has appeared on our political horizon—the Liberal Social Union [LSU]. What does it represent and who are its members?

[Hirs] The LSU is registered as a political movement with individual and collective members. At this time, the LSU is made up of the Czechoslovak Socialist Party [CSS], the Agricultural Movement, the Green Party, the Agricultural Party and a number of independent individuals. Naturally, the LSU is also open to individuals who do not belong to any political party.

[SVOBODNE SLOVO] So the LSU rejects both the extreme right and the extreme left. What are its basic aims and principles?

[Hirs] The basic tenets of the LSU are the concepts of liberty, democracy, social justice, humanity and tolerance. We advocate the principle of a pluralistic parliamentary democracy, composed of numerous political entities. We base society on the development and liberty of the individual, and consider the foundation stone of the state to be the family and an autonomous system of towns and communities. We are consistently decentralizing state power, and we favor private ownership, although we accept the principle of equality of all types of ownership. Above all, we wish to protect our national assets and our national entrepreneurs. We are opposed to the sale of our assets abroad. Our ultimate goal is prosperity, an increasing standard of living, social justice, and constantly improving living conditions. The means to attain this are a market economy and privatization, implemented in a well-considered manner and according to precise rules. We support honest work. We advocate that everyone should be able to support himself and his family in a dignified manner through his work. We reject speculation and fraud. We support law and order; the safety of the citizen and of his property must be ensured unconditionally.

[SVOBODNE SLOVO] Some media describe the LSU as a typical leftist organization. Is this true?

[Hirs] As the elections approach, some groups will attempt to "label" others and discredit them in the eyes of the public. Under communism, anyone who disagreed with the leading party (KSC [Communist Party of Czechoslovakia]) were labelled revisionists, agents of imperialism, counterrevolutionaries, and heaven knows what else. Today they are labelled leftists. The aversion of a sector of our society to leftists is being exploited, and if one wishes to discredit an opponent, one simply labels him a leftist. The methods are the same, the name is different. But the truth is that the LSU, with its principles and program, belongs to the political center.

[SVOBODNE SLOVO] What relationship does the LSU have toward the right and the left? Is the LSU expecting to form a coalition with any of the rightist or leftist parties after the elections?

[Hirs] We would welcome it if some truly democratic rightist or leftist parties were created in our state. The OF [Civic Forum] promised to create such parties. We had great hopes for the ODS [Civic Democratic Party],

but its development has demonstrated that it will need more time before it becomes a democratic, Western-style rightist party.

On the other hand, there is the Social Democracy. Here, too, concepts are beginning to crystalize and the party is molding itself into its characteristic shape. It now seems that the CSSD [Czechoslovak Social Democratic Party] has overcome its initial confusion and is becoming the Social Democracy we were familiar with in the past. Simply stated: The LSU welcomes the creation of both a democratic left and a democratic right. Society needs both extremes just as it needs a liberal and democratic political center with strong social awareness, which accepts the best from the right and the left.

[SVOBODNE SLOVO] We often hear that if the LSU and the CSSD were to win the elections they would attempt to reverse development to what it was before November.

[Hirs] That is a primitive bogeyman for the public. During the First Republic we formed a governmental coalition with Social Democracy for 20 years, and those were the best years for this country. And everyone knows that, at that time, these parties were not "building socialism." The idea that the LSU parties are considering any kind of socialism is unthinkable. Even the CSS, which has the word "socialist" in its name, clearly rejected socialism as a state or economic system. For this party socialism is a concept that was clearly stated by President Masaryk: the union of democracy, humanity, and tolerance with social justice.

[SVOBODNE SLOVO] The LSU parties are often critical of many existing facts, especially of the course of economic reform. Why?

[Hirs] The LSU is unambiguously trying to implement the concepts of the November revolution, and thus also a consistent economic reform and a change in the whole of our society. I dare say that the democratic forces, including the ODS, have the same goal. That is why the November revolution took place, and I cannot believe that the week following 17 November when we held joint demonstrations in front of Melantrich and protected the publication of SVOBODNE SLOVO were in vain.

We do not differ from the ODS in our ultimate goal but in the method of achieving it. We are following a well-considered course, we are seeking solutions for several topics, we are uncomfortable with, once again, the single "best method." We prefer to advocate privatization through employees' shares so that each employee can be a capitalist in his own enterprise. We do not consider dispersed impersonal ownership to be the best way. We reject an unconsidered course of privatization, where dirty money enters the game, where, instead of hard-working citizens, those who were parasites on society during communism again acquire ownership. We are alarmed by the sale of our national assets abroad. We do not like the lack of concept pervading our

domestic and foreign policies, we do not like the inadequate consideration given to our socially weaker fellow citizens. One of the reasons for all of this is bad legislation, in other words unclear and bad rules of the game.

We are executing developmental transformation instead of restrictions; reform must lead to expansion and not to cutbacks! We are afraid that the uncompromising and unconsidered procedure of the government could ultimately backfire on the reform, that extreme leftist forces could again win support, and that we could again build socialism with many different faces.

[SVOBODNE SLOVO] The LSU is a political movement. We have already experienced one movement—the OF—which disintegrated after the elections.

[Hirs] We must realize that the OF was created spontaneously and included the entire spectrum—from the right to the left. The OF was created in opposition to something, in opposition to communism. The LSU, to the contrary, was created rationally and is directed merely at the centrist parties. So it has its limits. The thought behind the creation of the LSU was to form something new. I believe that this organization will become permanent during the next few years and will provide a foundation for the truly strong political centrist parties.

#### **Benda Looks at Czech Right-Wing Parties**

92CH0426A Prague RUDE PRAVO in Czech  
18 Mar 92 pp 3, 13

[Interview with Vaclav Benda, chairman of Christian Democratic Party, by Kamila Jaskova; place and date not given: "The Chairman of the Christian Democratic Party, Vaclav Benda, told us: 'Klaus Knows How To Be a Gentleman'"—first paragraph is RUDE PRAVO introduction]

[Text] The chairman of the KDS [Christian Democratic Party], Vaclav Benda, was one of the founders of the Christian element among the dissidents. As a member of the FS [Federal Assembly], he distinguishes himself through his sharply rightist views.

[Jaskova] It is well-known that you have reservations about the structure and labelling of our political spectrum. What are they?

[Benda] I have already made several skeptical and cautionary comments about the composition of our present political spectrum and about its deficiencies. We repeatedly have to explain to our friends in the West that a very different value judgment is placed on the terms leftist and rightist than in their countries. The point is that even the strongly rightist center and the moderate right in the West believe they have to prove themselves, at least partly, through their leftist leanings. There is a general trend toward the left. In Czechoslovakia it is just

the opposite. Even clearly leftist parties believe they must present themselves as a part of the center or even of the right.

[Jaskova] Could you be more specific?

[Benda] Apart from the communists, no one here considers himself to be leftist. The OH [Civic Movement] states that it is a centrist party, yet its position, sometimes considerably left of center, is obvious. Even the Social Democracy refuses to strongly proclaim itself to be leftist. The People's Party, which would quite rightly describe itself as a party that is left of center under Western conditions, says that it is right of center. The shift in values is obvious. It is really a matter of a misunderstanding which has less of an impact domestically than on the international scene.

[Jaskova] Using the yardsticks you mentioned, which parties do you consider to be truly rightist?

[Benda] I will restrict my answer to the Czech Republic. Apart from our ODS/KDS [Civic Democratic Party/Christian Democratic Party] coalition—which undoubtedly plays a leading role among these parties in regard to numbers and support—I consider the following parties to belong to the democratic right or to the center: ODA [Civic Democratic Alliance], CSL [Czechoslovak People's Party] or its splinter group, KDU [Christian and Democratic Union], with which it wants to enter the elections. And that, unfortunately, is it. Undoubtedly, KAN [Club of Nonaligned Activists] should belong here, but its inclusion and chances in the election are still an open question at this time. Several farmers' or agrarian parties could be ranked among the rightists—the Republican Agrarian Farmers' Party and the Free Farmers' Party—whose election prospects, however, are negligible. The OH remains an enigma, which I believe has been very leftist dominated so far, and was more likely to represent a significant danger to democratic development than anything else. But even it has some democratic elements and, theoretically, it is conceivable that it will split up. I consider all other parties to be politically obscure and undefined—for example, the Green Party. Naturally, I do not consider Mr. Sladek to be rightist either.

[Jaskova] The KDU coalition fell apart and it seems that your party has so far neither felt like forming a further coalition with the People's Party, nor like cooperating with it. Do you reject this for the future, too?

[Benda] Considering the fact that the People's Party is one of our most natural partners, I expect that there will be some cooperation in the future. However, the original ideas about a coalition that would later lead to a merger did not work out. Our orientation is very different.

[Jaskova] In what way?

[Benda] What I have in mind is the stronger leftist leaning of the CSL and thus its greater inclination to work with the Social Democrats, the Revival, or the

Greens. Then there is their greater leaning toward the church, that is, to Catholicism. However, we are firmly nondenominational.

[Jaskova] But during your convention, voices were raised requesting an alliance with the CSL and refusing a coalition with the ODS.

[Benda] I would say that those were isolated voices. The vast majority of delegates supported our coalition with the ODS.

[Jaskova] If I am right—despite the fact that there were 100,000 representatives from the People's Party, and 5,000 from yours—you divided the seats using the ratio 2:1 and finances using the ratio 5:2. Will the ODS, whose only coalition partner you are at this time provide you with similar advantages?

[Benda] The original coalition agreement with the ODS, which was approved last November, contains a confidential addendum on the division of seats on the list of candidates. This addendum was very advantageous for us, certainly more advantageous than the agreement with the CSL. But we proved to be political adventurers, gamblers in this; however, it was to the benefit of democracy and this may excuse us. As soon as we have put preferential votes into effect, this advantageous addendum to the coalition agreement will lose its significance and only the voters will decide on what we do within the framework of the coalition.

[Jaskova] Although some rightist politicians agree with Mr. Klaus' principle economic steps, he is not acceptable to them as a politician. What has your experience with him been?

[Benda] I do not meet with Mr. Klaus all that often or on that intimate a basis, and I would not even want to drag close relations through the press. However, I do appreciate the fact that Mr. Klaus knows how to be a gentleman. In our personal relationship, situations marked by confrontation have occurred more frequently than those marked by agreement; nevertheless, we have ultimately always come to an understanding.

[Jaskova] You are one of the fathers of the screening law. What do you think about the various extralegal initiatives—for instance, the disclosure of lists of alleged collaborators with the StB [State security]?

[Benda] Since no generic screenings were approved during discussions on the screening law and, instead, a method of protecting important state agencies—essentially a protective shield for high offices—was chosen, wild disclosures are being made instead of following a legal process. Whether they are substantiated or not. I am afraid that such demonstrations cannot be stemmed and that they will increase in number before the election.



[Jaskova] The chairman of the independent screening commission of the FMV [Federal Ministry of the Interior], Jaroslav Basta, admitted at your press conference that he is having problems with Paragraph 2 c of the screening law....

[Benda] As far as I have been informed, the method of notification in accordance with letter c is improper because it does not make it clear whether the individual truly was a willing collaborator. What I am more worried about is the fact that the screening law is being circumvented. To a large degree, functions are being renamed in the enterprises and this effectively puts an end to the screenings. Numerous exceptions implemented by the Ministries of Defense and the Interior and the Federal Security Information Service, where allegedly up to 90 percent exceptions have been made, are directly counter to the meaning of the law. Their scope, in fact, negates the law. From this point of view, I actually welcome KAN's initiative for civil defence commissions.

[Jaskova] Do you include the activities of the Anticommunist Alliance in this category?

[Benda] Any kind of extralegal disclosure of lists of names is, at the very least, unfortunate. However, considering the situation that we talked about, it is understandable.

[Jaskova] If we designated 1989 as 0 on the scale of democracy and our goal as 100, where would you place us now?

[Benda] Our freedom of the press, for example, is such that many liberal countries would envy us. Yet, unfortunately, we do not have a free press. In a certain sense, we have moved far from lack of freedom toward democracy. But we may not be quite halfway there in regard to legal guarantees, in other words, along the road toward a rule-of-law state. In respect to the existence of social structures, which are still totalitarian, we have travelled about one-third of the way toward a wealthy, differentiated, pluralistic society.

[Jaskova] Do you expect there to be any substantial changes in this regard after the elections?

[Benda] The elections alone cannot change the political maturity of society, nor can they move us further along the road toward a rule-of-law state. But they will have crucial significance for the further constitution of a differentiated society. It will be more substantial than in the elections of 1990, because the latter involved, among other things, schizophrenia leading to a lack of confidence in democracy. The reason is that no political parties, which had the support of the voters, emerged from those elections; instead, there was the mammoth body of the OF [Civic Forum], which started to disintegrate and become differentiated immediately following the elections, and thus tension was created among the citizens. Consequently, situations arose where most of the governmental proposals were voted down by governmental parties. However, radical changes did not take

place exclusively in the OF and VPN [Public Against Violence] but also in the majority of other parties.

[Jaskova] What do you expect the election results to be?

[Benda] I firmly believe that what I previously described as the true right wing of democratic power will win in the Czech Republic. So far, the results are much more questionable in Slovakia. That is why our coalition is moving in there with the intention of contributing to the dignified status of democratic parties. Excessive diversification of the results could, after all, lead to the disintegration of the common state.

[Jaskova] Will the situation be influenced by the first swallows to appear on the Slovak political horizon in the form of the ODS and KDS?

[Benda] It is too soon to talk about the degree of potential influence. But I do believe in a common state—for the same reasons as I believe in democracy. I also base this on the fact that the majority of people cannot believe negative ideas indefinitely. So perhaps time will be in our favor.

[Jaskova] Thank you for the interview.

#### Television Program With Political Implications

92CH0447A Prague REPORTER in Czech 11 Mar 92  
p 4

[Commentary by Dusan Mrna: "Czech National Self-Confidence, First Installment"]

[Text] It is not very often that one can commend television in good conscience. But by introducing the serial "The Economic Past," Czech Television earned credit that cannot be passed over in silence. For those who did not see its first installment ("Beginning and Development of Czechoslovak Economy to World War I"), in a nutshell: from modest beginnings to the victory of Czech industry in the competition with domestic German capital, famous names of inventors and entrepreneurs, a constellation of technical and economic successes on the European and world stage.

The creation and introduction of this serial is more than symptomatic. It represents a small but important step on the road to a renaissance of national self-confidence of Czechs and Moravians—a current expression of that self-confidence. If our ancestors managed to create two-thirds of the industrial potential of the Austrian monarchy that combined territories of today's CSFR, Austria, Yugoslavia, Hungary and part of Italy, if 56.9 percent of industrial workers of the monarchy were Czechs, if 52 percent of industrial plants were located in Bohemia and Moravia, if 55 percent of steam, water, and internal combustion engines were in operation here—then neither can we lose in the economic competition with Europe. If only because we owe it to our inventive and industrious grandfathers and great-grandfathers.

If our land was conquered and devastated by invaders and their domestic sycophants, we shall raise ourselves in a few years from the wreckage in a new splendor and glory, as we did so many times before.

This historical self-confidence is all the more necessary for the Czechs and Moravians, because we are still undergoing another onslaught of Slovak separatism. The Slovaks, who hanker after national independence but at the same time are not willing to accept a drop in their standard of living that would result as a consequence of the relative weakness of the Slovak national economy, nevertheless made it sufficiently plain that their common goal is a Slovak state. Some Slovak leaders state openly that their program is to break away only after an economic stabilization. In other words, the Czechs will pay for the conversion of the armaments production, cutbacks in agriculture in the regions with the least favorable conditions, and will finance the period of the worst unemployment, and only then will come the time to say with finality: "we had enough of Prague." For not even the most obdurate of Slovak nationalists bears any prejudice toward Czech money.

The Czech political representatives almost without exception have let themselves be pushed into a corner and at this time they are yielding, yielding, constantly yielding. Just do not give the Slovaks, for heaven's sake, any excuse for leaving. They are shutting their eyes to the fact that this is precisely in Bratislava's interest: Get the most it can, and then good-bye. While the only thing that presents a small, but nevertheless a kind of hope to save the Czechoslovak Republic is a firm, principled, and self-confident stance. Simply say: In a common state there such and such conditions, will you please make your free choice. With us the road leads to economic integration with the West, and to prosperity based on work and not on empty words. Where the road of the Slovak state leads, we do not know. It is not, after all, our problem.

I want to put in a strong word for introducing the above mentioned serial also on the Slovak and federal television. Many of the lessons which are contained in it could benefit brothers Slovaks as well. Not the least among them is the statement: National and economic independence must be based on economic independence.

They have already learned from first-hand experience that economic independence cannot be achieved by subsidies even after they have been busily allocated, or better said, collected, for 40 years.

**Review of Problems Facing Armaments Industry**  
92CH0446A Prague REPORTER in Czech 11 Mar 92  
pp 5-6, 20

[Article by Martin Mrnka: "Fighting for the Tank Market"]

[Text] Last summer, the army of the United Kingdom of Great Britain and Northern Ireland decided to reinforce

its tank units with 130 tanks of domestic production. In hard competition with U.S., French, and German manufacturers, the winner was the Vickers company with its tank Challenger 2, which costs 3.8 million British pounds per single unit. British press welcomed this decision by publishing photographs of jubilant workers waving the national flag on top of the tank, THE TIMES of London carried an inch-high headline announcing that the army's decision saved 1,700 jobs.

It was also noted in this connection that the decision of the Royal Army will possibly serve as a hint to the potential buyers in the Middle East, who may wish to buy tanks following the Gulf War in the value of 4 billion pounds. Saudi Arabia, Oman, and maybe also Kuwait intend to equip their armies altogether with 500 tanks; besides the British, companies from the United States, France, Germany, Canada, and Sweden are fighting for this order. Sir David Plastow, Vickers chairman of the board, expressed the hope that their chances are not insignificant. Although Challenger-2 is the most expensive on the market (United States' M-1 Abrams costs about \$4 million, and the German Leopard-2 roughly \$2.5 million), its combat value at present is obviously the highest. The British press commented on Plastow's statement with great satisfaction: "We know that we have the best tank in the world, and these reports are as valuable as diamonds," wrote THE TIMES. At the same time, in the Slovak town Martin, which is unknown to the British, great skepticism swept over the workers who manufacture tanks there. Although they had an order worth \$250 million from Syria practically in their pocket, the prospects were gloomy. Instead of eulogies in the central newspapers, praising the crackerjack Slovak arms manufacturers, one rebuke after another was hurled at them. Most of all from Prague, which also is obviously the reason why today most of the people in Martin have decided to give their vote to the antifederal Movement for Democratic Slovakia [HSDS] or the Party of the Democratic Left [SDL]. It was also the reason why Vladimir Dlouhy, the federal minister of economy, made a trip to Slovakia and stated during talks with officials at the ZTS Martin that the moratorium on the export of Slovak tanks is no longer such a hot issue. A reason in Martin for quietly thinking today about more arms sales.

#### **New Tanks From the Armaments Factory?**

In the Heavy Machine Tool Enterprises-TEES Martin they manufacture tank T-52. The value of one unit is roughly \$900,000. To earn an equivalent amount of money, the Martin people would have to export and sell 86 tractors. It is easy to understand why they are loath to give up the well-established production of tanks. Even at a time when the trend to convert arms production to civilian production continues.

In 1988, the share of arms production in the total production of the enterprise was 64 percent. The rest consisted of the production of tractors Zetor, but the fact that in the enterprise's jargon it was called "cover production" indicates what actual importance it really

had. The year 1988 was, of course, the most lucrative in the history of the armaments factory; the enterprise sold tanks in the value of 5.5 billion Czech korunas. In 1990, that is, at a time when conversion was already being openly discussed, the share of arms production was 45 percent. This July, when the last tank for Syria will be made and delivered, the same data will show zero. There is the threat of further mass layoffs, because the planned conversion will only be completed in 2 years. It is not by chance that the general director of the ZTS Martin joint stock company, Eng. Alexander Wolf, said on 27 February of this year in his interview for NARODNI OBRODA that they want to "reach 5-7 percent in the individual enterprises." For it is unlikely that anybody would have the courage to halt the production of tanks completely. Apart from the unquestionable political implications (in the 1992 elections obviously victorious Meciar's HZDS has made it clear many times that it will support continued sales of Martin tanks), there is the purely economic aspect as well. We would obviously have difficulty selling tanks R-72 to, for example, Switzerland, but in the countries of the Arab world there is still interest in them. Also in their favor, besides the price, is the compatibility with existing equipment and simplicity of servicing (the Arabs are said to be afraid of the excessively complex technology of the Western tanks) and easy maintenance in difficult desert conditions. Apart from that, there is one more logical consideration. Will the countries of Central and East Europe really have the means to buy tanks costing \$4 million? Will the taxpayers approve it?

Thus far, of course, the Czechoslovak Army has been silent on this issue. It is waiting for the results of political negotiations with NATO, which, in case of association with or direct incorporation of our Army into its defense system would mean the necessity of gradual reequipment with such kind of arms that would be compatible with the Western types.

#### Will We Buy Arms in the West?

Even with minimal modification of the future professional army our state would have difficulty paying the astronomical amounts for British tanks, American fighter planes, or German computerized command systems. The conversion of a Sovietized army to completely new Western types of equipment is therefore out of the question. But compatibility of military equipment with allies is a military necessity. The solution is to adapt domestic products to West European standards, and most likely also to infuse foreign capital including know-how into Czech and Slovak armaments factories. According to data supplied by the Army, very well-positioned in this respect are the new system of handheld automatic rifles LADA manufactured in Moravia, electronics for military use, and some components of aircraft equipment. According to available information, there is also a good chance for the infantry personnel carrier manufactured in another ZTS plant in Dubnice nad Vahom, which, despite the fact that it is made under a Soviet license, exceeds in many of its parameters the

current Western types. Fighter planes are not made in Czechoslovakia, but in the future our military pilots will have to forget about United States' F-16 and F-15, or even the Stealth fighter plane, and continue to fly the Russian MiG's, which, after all, are being successfully used by the Bundeswehr following the unification of Germany.

Of the main kinds of arms, then, that leaves the tanks. The future professional Czechoslovak Army will obviously not need too many of them, the new military doctrine does not plan, nor will it, with tank units scaled to a new dimension, but they will be needed. In ZTS Martin they are cautiously admitting that they have a structurally already developed modernized type of the T-72 tank, which is said to be able to satisfy even European requirements for the year 2000. The buyer could be not only the Czechoslovak Army, but possibly also Hungary, Bulgaria, or Romania. The less affluent Arab states automatically come to mind as possible customers. Compatibility with arms of NATO countries could be ensured by possible partners from the West who are thinking about joint enterprises within the framework of privatization.

#### Israel on the Stage

At the time when the affair concerning the transportation of Slovak tanks to Syria on the German ship Godewind was at its height, the Israeli press published a report that some Czechoslovak company offered to sell Israel an unbelievable 1,300 tanks T-72. This was a quickly denied journalistic canard, which was disproved by the very fact that Israel itself is capable of manufacturing tanks of a higher technical level. But in this connection it was revealed that ZTS Martin was recently visited by a group of Israeli military experts. The talks behind closed doors could have been, understandably, about most anything: It could have been a courtesy visit of an informative kind, consultations within the framework of conversion, a quiet making up for the delivery of 250 tanks to hostile Syria.

Reports even from well-informed sources differ, if only because this concerns an extraordinarily sensitive international political as well as economic issue, since the reaction of the Arab world could be very strong. If we allow that the visit actually took place, a very interesting thought presents itself. If the Martin manufacturers were to enter into a joint venture with the Israelis, then several birds would be killed with one stone. First, the necessary modernization and unification of arms and equipment with Western standards would take place. Second, it would put an immediate end to the paradoxical situation, where the state of Israel is paying the cost of surgery for ailing Czech girls and our country pays it back by exporting tanks to its immediate adversary. The Israelis, thanks to this perfect move, would obviously gain control over the export of military equipment, and Slovak arms manufacturers would gain access to the latest technology. Third, new markets would open up for Czechoslovakia as well as for Israel, markets that are at

present restricted by the political situation in individual countries. If we go even further in these speculations, it could be possible to consider, for example, export of tanks to South America, where Israeli arms manufacturers are very well positioned. The joining of both entities would also strengthen competitiveness vis-a-vis strong Western manufacturers. And they, as is well known, do not allow others easy access to markets which they have already won.

#### Is Havel...?

"It is not a good idea to harbor illusions that you will cut down the time necessary to convert arms production," said Dr. Kurt Hubner, director of the Swiss Federal Office for the Armaments Industry, at a recent CSCE seminar on conversion. Arms production is in a crisis on a global scale, markets are for the most part saturated, or customers do not have money. Only strong companies, whose dependence on arms production does not exceed 15-20 percent, are able to stay in the market. Nevertheless, there are some possibilities in the market, and our region belongs among the moderately promising areas. In addition, arms sales, as a politically extremely sensitive business, often bring in connected business. For example, sales of arms to the Arab world in the eighties resulted not only in construction of repair shops and training of service people, but also brought in the sales of tractors Tatra, transport undercarriages, and even some entirely civilian turnkey plants, such as concrete mixing plants or sugar factories.

That is also why today in Martin they have some reservations about stopping arms production completely. Presidential wishes are one thing, but postelection development of the federation or possibly of separate republics is another. Moreover, the possibility to remain the premier producer in Central Europe is exceptionally tempting.

But they are, of course, fully aware of one thing: Arms production can never be dominant again. However, they cannot manage the conversion to a competitive enterprise all by themselves. The state must help.

In 1989 Slovak armaments factories received Kcs374 million for the conversion. A year later 812 million, last year 1.2 billion and this year they were promised another billion. Last year ZTS Martin were given Kcs304 million, which they used to buy new equipment for making civilian motors Lombardini and road-building machinery. Part of the money went to the banks for debt reduction. But the above mentioned resources are not sufficient by a long shot. Last summer the director of the enterprise Jan Segla set the amount needed for conversion at Kcs6 billion, this February his press secretary refused to discuss it. More than money, it seems, they need markets.

The heavy machinery works Martin were beset by the two main maladies of our present economy. The disintegration of the CEMA market and the crisis in domestic investments. Neither the wheeled tractors for forest use

nor tractors Zeta can do well in the domestic or the eastern markets, they have a chance only in Latin America. Thus two problems have converged. The financial and organizationally demanding conversion and the crisis in civilian markets. According to the data provided by the above-mentioned Dr. Hubner from Switzerland, the armaments industry directed from Bern has been getting ready for conversion for the past five years. In Martin, they have begun thinking about it at about the same time when the economy was still directed by the state. In contrast to the Swiss, however, they did not have and still do not have any financial reserves, because the entire profit from the lucrative sales of arms disappeared in the bottomless pockets of the socialist economy. After all, that is obvious even from the looks of the town of Martin itself. Investments resulting from arms production went at best into hideous panel-constructed apartment buildings.

Who is to blame, people in Martin are thinking. Prague, they answer themselves. Husak's Prague, which apart from high wages gave them practically nothing, Havel's Prague, which wants to take away from them even that last profitable production. Tanks.

On one of Martin's walls shines a year-old graffiti: Havel is....! The words "stupid ass" are covered over with white paint. The intensity of its insult conveys the opinion about the president. He is not a scoundrel, but a naive soul, some locals opine. While he wanted to have decency and honor in politics, the cruel West took over control of the once available markets. Or is something worse behind it?

#### Tanks From Pilsen?

In workmen's beerhalls they accept this information as a sure thing, more intelligent people laugh at it albeit with a touch of caution. But whoever made up this rumor, it fell on fertile ground. German Siemens would reportedly like to pick up the prewar production program of Ceskomoravská Kolben-Danek [CKD] again, and after reaching an agreement on a joint venture in Pilsen, it would like to manufacture tanks there.

Czech tanks. Tanks, that would push their way into places vacated by Slovak arms manufacturers. There is no point, obviously, to explain that such a rumor is nonsense, if only in view of the orientation of the Siemens and CKD companies. Anyway, the story is making the rounds in Martin, and just a simple reflection leads to a conclusion whom it benefits.

The same reflection should therefore set Czech politicians along the way already taken by Vladimír Dlouhý. Accord arms production the place which it has in today's world, give up sentimental illusions, and think about what we actually want in this sphere in the future. It would be obviously redundant to cede ground without a fight in this sensitive sphere to Vladimír Meciár and Petr Weiss. In the arms producing region along the river Váh about 2,000 votes are waiting for such a step. Could it be



that we have a reason to learn a lesson from the West, Great Britain maybe, precisely in this area?

### European Studies Center's Past, Present Program

92CH0431A Prague TELEGRAF in Czech 19 Mar 92  
p 6

[Report by (si): "Unique Balance"]

[Text] Stirin—Experts who work at the European Studies Center, ESC, in Sitrin by Prague, evaluated the results of their work together with Mr. Stephen B. Heintz, director of the center.

The center was founded on 26 November 1990 and since then, with the help of many experts from the United States and from Europe, has succeeded in organizing about 40 conferences, seminars, and single-topic programs. Approximately 1,500 people attended them. There is no doubt that the economy is the basis of restructuring society. However, it cannot be separated from politics. Therefore it is not only a matter of transformation aiming at a pluralistic democracy and market economy, but also of accelerated integration and growing cooperation with Europe and the creation of strong international associations of just rule of law and civil states.

In the economic sphere, the countries of Central and East Europe were successfully aided in introducing economic reforms and establishing a market economy. Although the economies of these countries differ from one another, it is possible to see some common elements. Poland, Hungary, and the CSFR achieved considerable advances in the area of macroeconomic stabilization, but they are now faced with the problems of privatization, reforming the banking system, and with educating good managers. The troublesome domestic economic situation in these countries deteriorated even further due to the disintegration of CEMA and, following the collapse of the Soviet Union, also its market. In these circumstances, constant Western aid is essential for the transformation to successfully run its course. As a result, the activities of the European Studies Center in regard to the economy are concentrated on the reform of the banking system, privatization, foreign trade, enterprise, education in economics, and utilization of Western aid.

Let us mention at least a few of the particularly successful actions executed by the European Studies Center. The Prague Conference of Bankers, held in November 1991, is one of them. Leading representatives of central and commercial banks from Poland, Hungary, Bulgaria, Romania, the CSFR, and the USSR took part in it. In April and July 1991 there was a round table discussion and a conference on the topic: "Privatization and Foreign Investment." As the result of a seminar, Polish representatives are considering a possible revision of the mass privatization program. Recently the Ukrainian government also requested the ESC to organize a similar seminar in Kiev.

Let us also mention a conference on the topic of mutual trade in Central and East Europe, a three-day educational program on the development of enterprise, and the Stirin summer school on market economy. The activities of the work group for Western aid to Hungary, the CSFR, and Poland is extremely important. It was created in March 1991, made an extensive analysis of foreign aid, and is preparing a report that is to be published in spring 1992.

What is the European Studies Center's program for this year? The ESC has made close contacts with the ministries responsible for privatization in order to encourage a critical evaluation of the privatization strategies in the individual countries. Large and small privatization will be discussed in a series of consecutive conferences in spring this year. The director of the European Studies Center, Stephen B. Heintz, is the coordinator of the project, proposed to facilitate cooperation between the economic and social policy sectors. The work was initiated through a public opinion poll in Poland, Czechoslovakia, and Hungary in 1991; the results of the poll will be published this year. The poll will provide important basic material for a major conference on market economies and social security networks, and will be attended by politicians from Central and East Europe and Western experts in Stirin in April.

### Revival of Czech Slavic Studies Sought

92CH0444A Prague REPORTER in Czech 11 Mar 92  
pp 21-22

[Article by Antonin Mestan, professor of Slavic studies, Freiburg University: "Slavic Studies in Our Country"—first paragraph is REPORTER introduction]

[Text] Professor of Slavic studies at Freiburg University, Antonin Mestan, Ph.D., member of many scholarly institutions primarily in the Federal Republic of Germany, author of many profound studies on Slavic (especially Czech and Polish) issues, known to our listeners during the normalization period from his expert commentaries on Radio Free Europe, was recently named director of the reestablished Slavic Institute in Prague, where we will certainly make use of his profound knowledge of the issues as well as his international outlook and experience. Professor Mestan is our permanent contributor, and so we congratulate him all the more sincerely with the hope that in cooperation with the editorial staff, regardless of his workload, he will continue his contributions.

It has been documented that since the dawn of history members of all Slavic tribes had an awareness of linguistic and cultural affiliation. This awareness did not, of course, prevent frequent encounters in tribal—and later national—wars. It was no different, after all, with the Germanic and Romance tribes. In the course of time, Slavs began to separate into various state units and became members of various religions. At the same time,

the considerably related Slavic languages have for centuries aroused interest not only among the Slavic intelligentsia but also among thoughtful foreigners.

The work of the eminent scholar Josef Dobrovsky is considered to be the beginning of scientific research of Slavic nations. Slavic studies did not come into being in the Czech environment toward the end of the 18th century by accident: The nascent Czech national revival drew the necessary support from the awareness that Czechs belong to the "Slavic sea." In the Czech lands—and similarly, of course, also in other Slavic regions—there was no lack of naive efforts in the course of the 19th and 20th centuries to attribute a number of common characteristics to an idealized family of Slavs, along with attempts to unite Slavs politically. The best scholars in Slavic studies kept their work strictly scientific in nature and did not allow themselves to be distracted either by pan-Slavic slogans or attempts to direct research in line with the political watchwords of the day.

In the first decades of our century, Slavic studies were still conceived on a very broad scale—in addition to the study of Slavic languages and national literature written in Slavic languages, Slavic studies also included studies of Slavic archaeology, political and economic history of Slavic nations, sometimes also studies of law, music, painting and sculpture.

#### **T.G. Masaryk and the Slavic Institute**

The concept of broadly understood Slavic studies was also T.G. Masaryk's concept. Immediately after World War I—in the year 1920—already as the Czechoslovak president he came with the initiative to establish a Slavic Institute in Prague as the supreme research institution of our Slavic studies. On Masaryk's initiative the parliament resolved in 1922 to pass a law, where in the first article we read: "The Slavic Institute is an independent, self-governing institute located in Prague, the purpose of which is to cultivate and build scientific and economic contacts with Slavic countries." And it states further: "The purpose of the Slavic Institute according to its articles is to know Slavic nations and countries scientifically in all their aspects, to educate scholars, and on that basis build cultural contacts between CSR and the entire Slavic world and countries connected with it linguistically, historically, culturally, and geographically."

It was therefore an extraordinarily enormous task—and at the same time a task that was not to be limited only to nations speaking Slavic languages. T.G. Masaryk and his associates were also interested in studies of nations that are Slav's neighbors. By providing a generous financial support, President Masaryk made it possible to begin the activities of the Slavic Institute in the year 1928, and already in 1929 this institute arranged the first international congress of Slavists in Prague. The congress became above all a platform for progressively thinking philologists from the ranks of the Prague linguistic circle. It soon became obvious that the Slavic Institute was the

most competent institution for Slavic studies in the world, and its role as such was recognized in Slavic as well as other countries.

#### **The Slavic Institute After 1948**

After a brief decade-long activity of the Slavic Institute came the Nazi occupation and with it an interruption of its activities until 1945. Immediately after the end of World War II the Slavic Institute resumed its activities, while at the same time the overly extensive scientific program underwent a necessary reduction. The year 1948 made the activity of the Institute difficult if only because the absolute majority of its members were democratically thinking specialists, who had no intention to voluntarily subordinate their research to the dictates of the totalitarian power. When in 1952 the Czechoslovak Academy of Sciences [CSAV] was established, the Slavic Institute lost its independent status, including its assets worth 10 million, and was incorporated into the Czechoslovak Academy of Sciences as one of its scientific workplaces. In spite of that, it succeeded in completing many research projects, and the Slavic Institute of the Czechoslovak Academy of Sciences retained its important position in the international scientific world.

Institutions for Slavic studies in the capitals of Slavic countries were built to a considerable extent precisely on the model of the Prague Slavic Institute. Although all were subject to the pressure of communist dictatorships, they were able to continue their activities and have been functioning without interruption to this day. It is an irony of fate, that in 1963 the CSAV board, on the order of the secretariat of the Czechoslovak Communist Party Central Committee, decided to abolish the Prague Slavic Institute. During the years 1964 to 1991 the Prague Slavic Institute could not fulfill its task—the regime, which often spoke grandly about "progressive traditions" of friendship among Slavic nations, did not allow the prestigious Slavic Institute in Prague to continue its activities.

#### **Reestablishment of the Slavic Institute—an Extraordinary Cultural Event**

The international community of Slavists welcomed the recent decision to reestablish the Slavic Institute in Prague as a scientific coordinating center of Slavic studies in the area of Slavic languages and national literatures written in Slavic languages. In addition to the Slavists who until now have been working in various scientific workplaces of the Czechoslovak Academy of Sciences, Slavists from the Department of Philosophy of Charles University will also be active in the reestablished Slavic Institute.

The reestablished Slavic Institute faces extremely difficult tasks. Many finished or almost finished projects are waiting for publication. There is the printing of the final volumes of the *Dictionary of Old Slavic Language*, the importance of which can hardly be exaggerated. In the meantime, the first volumes have been out of print for a

long time, and inquiries are coming from all over the world as to when a new edition or reprints will be forthcoming. The Ukrainian-Czech and Polish-Czech dictionaries are now ready. The compilation of these dictionaries required great effort and large financial outlays. Not to publish these completed dictionaries would mean a loss of many millions. Work on a five-volume Czech-Russian dictionary is well advanced. Also in progress is work on a comprehensive bibliography of materials on Slavic nations written in foreign languages and published in Czechoslovakia. It is necessary to continue research on parallels in Slavic and non-Slavic literatures, to make comparative studies of the evolution of Slavic languages, and at the same time give attention to languages of Slav's neighboring nations.

For many decades, Prague has been a magnet for Slavists from all over the world. The tradition of outstanding Slavic studies in our country, the renowned Slavic Institute, the possibility of comprehensive Slavic studies in the Department of Philosophy of Charles University, the rich Slavic library in the Klementinum—all these drew hundreds of interested scholars to Prague. They carried back with them not only considerable knowledge in the subject of Slavic studies, but at the same time became propagators of the Czech language, Czech culture, and Czechoslovakia as a whole. Prague can again become the center of Slavic studies. The Slavic Institute and the Slavic Library need to be given financial means and

technical equipment without which scientific work cannot be carried out. And it is necessary to bring up a new generation of Czech Slavists, because the enormous cuts in the education of young Slavists during the past several decades manifested itself in a great shortage of younger linguists and literary scholars in the Slavist field who could be up to the challenge of an ever keener international competition.

It is necessary to realize that just within the borders of the Federal Republic of Germany in 1988 Slavistic studies were taught in 27 universities. In the whole world there are today hundreds of institutions for Slavic studies. If we in Czechoslovakia lose the race with time, the present world center of Slavist studies will move from Prague to a capital of some other Slavic country. Then we shall only be able to write about our past tradition of advanced Czech Slavic studies. And one more thing has to be kept in mind: our products are having a difficult time in international markets. Our Slavic publications—dictionaries, books, and journals—have been and are sought-after goods. It is up to us only whether we shall have more to offer in the course of time. Slavic studies in this country were never an unprofitable field—let us hope that before long we shall again have the status of a Slavist superpower and that our Slavic studies will help to focus the attention of wide scientific and other circles on our country.

**Palotas on Leaving MDF Parliamentary Caucus**  
92CH0423B Budapest HETI VILAGGAZDASAG  
in Hungarian 14 Mar 92 p 9

[Interview with Deputy Janos Palotas, independent, head of the Entrepreneurs' National Federation, by Bela Weyer; place and date not given: "It Was Not I Who Changed"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] Deputy Janos Palotas, the president of the Entrepreneurs' National Federation, recently left the MDF [Hungarian Democratic Forum] to become an independent. During the two years he was a ruling-party deputy, he voted only by accident with the more obedient fellow members of his caucus, when the National Assembly was considering taxes or [other] fiscal matters. He has laid permanent claim to second place in the popularity league tables. We interviewed him about his economic-policy conflicts.

[Weyer] You came into conflict with the economic policies of the government, and hence of the MDF, on several occasions. It will suffice to mention the debate on gasoline prices or on raising pensions. How did you manage to reach the point where your ways finally parted?

[Palotas] It was not I who changed. At the time of the elections, I promised my constituents that I would attempt to bring the MDF's economic policies closer in line with my own. In other words, I did not undertake to represent the MDF. If you wish, the prime minister and I agreed that I would attempt to pressure him in that direction. This did not seem an irreconcilable conflict to me at the time. The MDF's economic policies were not so alien to me as they are now.

[Weyer] In other words, it was the MDF that moved away from you? What could have been behind that?

[Palotas] The government could be more venturesome in its economic policies if, in the social crisis it now has to manage, it were communicating more successfully in a political sense with the pensioners, miners, teachers, and health-care workers. But because the government has been unsuccessful, it has closed the gates, even though Hungary's society and economy could afford more.

[Weyer] Does this mean that the government is against entrepreneurship?

[Palotas] That is not the point. Although I think the government is proceeding in the wrong direction, and am fairly certain of that professionally, I could be mistaken. Perhaps I just have not understood the government correctly. After all, there are more right ways than just one. Nevertheless, I am dead certain about the government's economic policies being wrong, because the government has not been able to convince me to accept them. After all, entrepreneur-friendly economic policies cannot be pursued without entrepreneurs.

[Weyer] To what extent is that "me" first person singular, and how much does it reflect the opinion of entrepreneurs in general?

[Palotas] I believe that, among the politicians in Hungary today, I am the one communicating the most with the economy's players. And if I am getting only negative feedback from there, it could still mean that professionally the program is good, only none of us understands it; but I am quite certain that the program cannot be implemented.

[Weyer] Then the entrepreneurs have been relegated to the background, after all.

[Palotas] Although entrepreneurs also were present, the drafting of the MDF program relied primarily on the help of theoretical economists. Then it was possible to expect that practical experts would have their say during the program's practical realization. In contrast to this, however, the entire program has been "larded" with a state administrative machinery; its personnel, of course, did not come from the market economy.

[Weyer] In your opinion, then, what are the economic policies like of the largest ruling party, and hence of the government?

[Palotas] Actually, there are no economic policies. There are only directions, but they cancel each other out. Therefore the final outcome is the same as in the other countries of East Europe: there is no program that could be charted and followed.

[Weyer] Which are those directions, and what names are associated with them?

[Palotas] Peter Akos Bod has quietly carried out the pseudoprivatization of the power-distribution systems, in a way such that all the formed companies are state-owned and, according to the announced principles, the state will retain a 51-percent equity interest in them. That, if anything, is fatal to privatization: scarce private capital will be squandered on financing the state's majority decisions. Then there is Gyorgy Suranyi; although I regard him as one of the country's greatest economists, his interest-rate policy has pushed the business world into bankruptcy. Mihaly Kupa is playing a dual role. On the one hand, he perfectly represents the fiscal apparatus, the centralization of revenue. On the other hand, he has written a populist economic program, about which he was certain that nobody would want to implement it. Then there is Bela Kadar whose ministry comes perhaps the closest to the objectives that the VOSZ [Entrepreneurs' National Association] advocates, but that is not reflected in day-to-day decisionmaking. We disagreed, for instance, on the forint's devaluation as well as on exchange-rate policy.

[Weyer] Those were four directions. Is there a fifth one?

[Palotas] Yes, there is. The one we are advocating. In our opinion, economic policies must be selective. It is not possible to preach neutrality when the state holds 80



percent of all business assets, but is producing barely 60 percent of GDP with them. Positive discrimination is indeed necessary in such a situation. In other words, discrimination in favor of the entrepreneurs who are producing more than 40 percent of GDP, with 20 percent of the business assets.

[Weyer] Nevertheless, you yourself have not fared badly so far. It will suffice to mention your purchase of Pharmatrade. Now that you have left the [main] ruling party, are you not afraid that this privatization case, which attracted so much attention at the time, will be reopened?

[Palotas] I, not the government, was the one who proposed inviting tenders. I do not think there is anything to investigate.

### **Interparty Cooperation Seen Developing in Capital**

92CH0423C Budapest HETI VILAGGAZDASAG  
in Hungarian 14 Mar 92 pp 76-77

[Article by Ibolya Jakus: "Searching for a Good Deal"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] Not so long ago there were fears that the capital could split up into 22 parts. Now the capital's Cooperation Program suggests more than what the signed document contains. Behind the program, which started out initially as a grand coalition, some see a new pact. Others believe to have discovered the outlines of a new SZDSZ [Alliance of Free Democrats] power center that is being organized around the person of Gabor Demszky. According to the majority view, however, the Cooperation Program is merely a cover name for the give-and-take collaboration between the government and the metropolitan administration, forced upon them primarily by Expo.

The staff of the metropolitan mayor's secretariat attempted to dispel the confusion surrounding the capital's Cooperation Program by saying that "it is a program coalition, not a political one." "It is not a marriage, merely an engagement," Gabor Demszky jokingly attempted to explain, during a recent television appearance, that relations among the three parties under this program will dispense with the legal and political formalities and confine themselves to deeds. In other words, this is nothing more than an agreement among the three signatory parties—the SZDSZ, FIDESZ [Alliance of Young Democrats], and MDF [Hungarian Democratic Forum]—not to place obstacles in each other's way and to strive instead to reach agreement quickly in the many affairs of the city that have nothing to do with politics. But this, even if true, can hardly be regarded as progress worthy of so much fuss as compared with the practice to date. Because the SZDSZ, since the establishment of the Metropolitan Council, has been forced to administer the city from the position of a minority party. In other words, before the adoption of every decision it has been obliged to make a deal with one of the party caucuses

within the Metropolitan Council. And that has succeeded somehow up to now, even without cooperation. After all, the city has been functioning without a hitch, albeit with occasional jolts. Thus the Cooperation Program, if interpreted literally, outlines essentially a narrower scope of cooperation, by restricting joint work to a few topics. And joint responsibility is not mentioned at all, because there is no coalition.

Although Gabor Demszky's original proposal still called for a grand coalition, he could hardly have meant it seriously; because, when FIDESZ suddenly came out with its own proposal for a grand coalition, the metropolitan mayor already favored the Cooperation Program that allegedly is free of politics. The MDF caucus, led by Mrs. Barsi nee Etelka Pataky, then supported the Cooperation Program practically without any conditions, although with annoying overemphasis on dispensing a favor. The seriousness of the FIDESZ proposal for a grand coalition could hardly have been questioned; after all, at the time of the Metropolitan Council's formation the FIDESZ ditched its coalition partner, the SZDSZ, specifically because the latter had not been enthusiastic about sharing power in the Metropolitan Council with the MDF. But on this occasion even many Young Democrats felt that the purpose of Klara Ungar's present proposal has merely been to call the SZDSZ's bluff about the seriousness of its earlier proposal. Simply stated, it is just possible that the coalition proposals of both liberal parties were simply deceptions.

One reason why Demszky's original proposal for a grand coalition died subsequently in a conspiracy of silence was probably that, according to rumors, the proposal aroused great alarm in certain circles within the SZDSZ. Many party members were whispering simply about a new pact. But others were advancing the hypothesis that the "old" wing of the SZDSZ was lining up behind Gabor Demszky and wanted to "reconquer" the party from Peter Tolgyessy.

Although it is hardly credible, despite all the declarations, that the Cooperation Program is free of politics, it probably does indeed lack its alleged party-political background within the SZDSZ. A much more obvious background is that the government's insistence on holding Expo in the face of the city's opposition, and the indecision of the BIE [Budapest International Exposition Council], which awards the right to stage Expo, have compelled the government to cooperate with the metropolis as an equal partner, or at least to create the appearance of such cooperation. This suspicion is reinforced by the fact that Gabor Demszky and Mrs. Barsi nee Etelka Pataky "recognized" the need for cooperation just days before BIE's doubtful-seeming decision was due, and the cooperation agreement was concluded helter-skelter once the right to stage Expo was awarded, albeit still conditionally and with the prospects of strict controls.

Therefore it is quite natural that collaboration for the success of Expo in 1996 became a separate point in the Cooperation Program, and so did collaboration in the

"mobilization of resources" for such projects as the construction of Hungaria Boulevard, the rapid-transit streetcar line, the No. M-0 beltway and new Danube bridges, the upgrading of the city's amenities and the development of mass public transport. All these are projects that have been copied, practically word for word, from the investment program for Expo. But in addition to the Expo-related points—perhaps as a tie-in sale?—the Cooperation Program also includes, among other things, urgent adoption of the metropolitan administration's rules of organization and procedure, the creation of a Budapest Property Management Center, and especially the elaboration of a package of measures to significantly improve the living conditions of Budapest residents, primarily the implementation of a uniform housing policy and of a minimal program of social welfare.

Otherwise the Cooperation Program just signed differs from Gabor Demszky's proposal merely in one essential point: It has omitted plans to set up a Board of Public Works. It has done so because, allegedly, there has been stiff opposition within the ranks of the SZDSZ to the "restoration" of the one-time Board of Public Works, which had given the government strong dominance over development projects in the capital. But all this does not mean that the idea has been taken off the agenda for good. According to rumors, several ministries are working on drafting a Board of Public Works bill, although they are still in the data-gathering stage. For that very reason the metropolitan mayor's advisors at City Hall believe it would be more expedient for the city to come up with a draft bill of its own that would limit the board's scope to the management of large-scale investment projects that extend also beyond the city's limits. Otherwise, it is feared at City Hall, the Interior Ministry itself might introduce sooner or later a draft bill which would entirely exclude all spectacular development projects from the city's jurisdiction, leaving it merely the operation of municipal services that are overburdened with conflicts among the city's residents. But the prospects of that happening already exist, because of Expo and the way the government is controlling it.

### Political Dissension Marks National Holiday

#### Szabad Speaks; Opposition Absent

92CH0452A Budapest *MAGYAR HIRLAP*  
in Hungarian 16 Mar 92 p 4

[Article by J.L.L.: "A Democrat Is Not Afraid, but Jealously Guards the Achievements of Constitutionality; Gyorgy Szabad: We Will Do Away With the Remaining Privileges"]

[Text] On 15 March several members of the cabinet, leaders of the coalition parties, National Assembly representatives, and members of the diplomatic corps attended a festive commemorative event at the Museum garden. Conspicuously, not a single opposition party

politician appeared at the steps of the museum. In his speech, National Assembly President Gyorgy Szabad pointed out three values created in 1848 and 1849: Hungary's independence, the liquidation of privileges, and parliamentary democracy. In 1848 the Hungarian nation was unable to accept a situation in which decisions concerning its fate were made at the Burg, just as it rejected the influence of the Kremlin many decades later, Szabad said. Drawing a parallel with the events of the previous century, Szabad discussed the fact that in those days Hungary successfully did away with privileges, integrating the nobility and the serfs—previously deprived of all rights—with the nation. The privileges of the party state were done away with in a similar manner at the end of the 1980's and in the early 1990's, he said. He reassured his audience that the remaining privileges would also be done away with, but only in a manner consistent with law, of course. But everyone should be aware that the days of privileges have passed, Szabad stressed.

In quoting Kossuth's words, Szabad called attention to the fact that in parliamentary systems government policies are based on the nation's will as expressed by a majority of the National Assembly. Parliamentary democracies always yield to change, i.e., for a renewal of power in the course of elections. On the other hand, parliamentary democracies do not yield to illegal tricks and to anarchy, he said. Szabad cautioned that power has two weapons: division and oppression. In his view Hungary is not threatened with interference by any great power today, and expressed hope that anarchy that could open the path to the return of tyranny would not threaten either. Referring to Bibó, Szabad said that although a democrat is not afraid, he jealously guards the achievements of constitutionality.

Politicians, representatives of social organizations, including various youth groups lay wreaths at the memorial plaque on the walls of the National Museum after the speech.

#### Antall's Television Interview

92CH0452B Budapest *MAGYAR HIRLAP*  
in Hungarian 16 Mar 92 p 4

[Report by Sz. Sz.: "Jozsef Antall: We Espouse More Than Just the Decor of the Revolution"]

[Text] Television viewers could see and hear Peter Feledy's interview with Jozsef Antall, the prime minister of the Hungarian Republic, as part of yesterday morning's holiday program.

Jozsef Antall focused mainly on the interpretation of the concept of national unity. Conflicts between various political forces have also emerged in the past in a rather pronounced fashion, soon after an opportunity to freely express one's opinion has been given. "National unity can be based on the protection of fundamental national values and interests; the need for abstract unity exists

only in the practices of monolithic systems which think in terms of people's fronts," the prime minister said.

"Conflicts between the press and the government also existed in those days, but these problems must not be overdramatized." All serious political factors agree that a government responsive to parliament has been organized after 15 March, and that the civil rights enumerated in 12 points have been secured. A similar unity did not exist regarding the question of how to proceed, but once the bloodless revolution evolved into a fight for freedom and a struggle for independence, these issues became secondary, the prime minister said.

By focusing on one or another aspect of the 1848 revolution, every system endeavored to find its point of contact with the revolution, but in many instances those who happened to be in power at the moment espoused only the festive decor of that event. The legacy of March was reborn in 1956, and the goals of the 1988-89 system change also represent a return to the demands of 1848. "Those in power today espouse not only the decor of the revolution, but in the context of historical continuity, also espouse the ideals of national independence, constitutional statehood and the achievement of middle-class development, as those were defined in 1848," Jozsef Antall declared. "Frequently heard charges relative to the coalition, according to which the coalition is endeavoring to accomplish some kind of restoration, amount to stupidity and lies; all the coalition does it to accept historical continuity by following the legacy of Hungarian history," the head of government said.

"1848 was the guiding star of the 1988-89 transformation, and this could fill us with sadness, in addition to just pride, because it shows that a number of the demands expressed in 1848 could not be realized thus far," Jozsef Antall added.

The conversation also revealed that from among the notable persons of the reform era and the revolution, Lajos Batthyany, the prime minister of the first responsible Hungarian Government was closest to Antall's heart. Batthyany was able to unite persons professing various views, and the moral strength which defined his political actions all the way to the execution squad could serve as an example even today.

#### Opposition's Separate Celebration

92CH0452C Budapest MAGYAR HIRLAP  
in Hungarian 16 Mar 92 p 5

[Article by A.F.: "Democratic Charter: They Celebrated and Did Not Protest"]

[Text] Yesterday's Democratic Charter commemorative event scheduled to take place before noon at the Petofi statue was delayed somewhat because prior to that event the Association of 1956 and other groups scheduled to march in front of television cameras later in the afternoon "celebrated" in front of the monument.

After a poem recited by Peter Vallai, Gyorgy Konrad was first to address than more than 10,000 celebrants. (The text of Konrad's speech appears on page 7 of this newspaper.)

"The nation cannot be separated from democracy. The nation was born when democracy came about," Ivan Vitanyi stressed, recalling the notable day in 1848. The speaker denied rumors to the effect that the celebration organized by the Charter amounted to an opposition protest. "We are not in the opposition once we pass through the gates of parliament, thereafter, we are citizens of the Hungarian Republic of equal rank," he said. Vitanyi then added that those whose every spoken word is not about the nation and the people could also be good Hungarians and good citizens of this country, just as nonliberals can profess liberal views, and nonsocialists can accept certain socialist values.

"Fellow citizens, my friends!", Miklos Tamas Gaspar addressed those present, then told the audience that a modest, peaceful revolution has transpired in this country, and this revolution has created a little bit of freedom. "It is our common task to defend this revolution against those in whose eyes even this little freedom amounts to too much," Tamas Gaspar said amid great applause. But having freedom is difficult, because it is accompanied by responsibility, and no one can tell us what to think, how to feel and what to do. Freedom is accompanied by uncertainty and risk, and all it offers in exchange is that it is nice to be free, the speaker said.

Recalling the years prior to 1988 Tamas Gaspar declared that those days were boring, ugly, and intolerable. "We do not want to return to that era again under any color, not even under the national colors. We must defend not a party, not a way of thinking, not a certain taste, but all tastes, all parties and every thought, even the ideas we regard as intolerable," he added.

Tamas Gaspar recalled that on 15 March 1988 he made a statement in front of the Parliament building to the effect that the time of self-appointed governments has passed, and that he called for the resignation of leaders who have lost the confidence of the people. The same thing cannot be said today, because this country has a freely elected National Assembly even if that institution does not enjoy enthusiastic support; an independent judiciary exists even if the appointed judges are dependent; there is a free press, even if the skin of some statesmen and stateswomen breaks out as a result—and this country has its independent citizens.

"The rule of law, the sense of responsibility reflected by the constitution does not protect us from impoverishment, but it does protect us from humiliation and from having to follow others in a servile manner, and listen to the words of the strong. All of us, the free Hungary [as published], and whoever dares to dispute this is not a friend of the homeland," the speaker stressed.

The Democratic Charter celebrants marched from the Petofi monument to Kossuth square. Imre Keseru

addressed the crowd there, the size of which has significantly increased in the meantime. Keseru, a teacher from Szentes, stressed among other matters that the 1989 changes were prepared mainly by three forces: the democratic opposition, the MDF [Hungarian Democratic Forum] as the heir of the spirit of populist writers, and the reformers within the MSZMP [Hungarian Socialist Workers Party]. The subsequent election campaign has poisoned the atmosphere in which these forces were talking to each other, and this led to the pursuit of hysteric politics. We must not seek to return to the "warmth of the barn" we experienced in 1989, but to the intent to reconcile interests in an honorable manner, the speaker said, and expressed his feeling that the Ides of March holiday is well suited to make the various parties forget about their grievances. We are living here Central-East Europe, some good ideas flow from Pest and Szentes as to how the bloody crisis raging at our southern neighbors could be resolved, Keseru said. Considering this fact, one cannot deny that Hungary is the island of peace in this region. At the same time we must not forget that we, too, have our "self-appointed Seselj [as published] voivodes" but we do not have 10,000 people who follow them. Keseru believes that it would be desirable for each political force to clarify the minimum rules for democracy, and to declare that no one will violate these rules. In this regard every part of the democratic institutional system holds responsibility, including the government, the parties, parliament, and the Constitutional Court. The Charter could play a role in this respect by raising its voice if anyone violates the provisions of the 17 points of the "constitutional text collection [as published]."

The adoption of a statement composed by Charter spokesman, and the singing of the National Anthem concluded the event.

#### Demszky's Speech

92CH0452D Budapest MAGYAR HIRLAP  
in Hungarian 16 Mar 92 p 5

[Article by J.L.L.: "Demszky on the Message of March 1992"]

[Text] Mayor Gabor Demszky delivered a speech early in the afternoon, and President of the Republic Arpad Goncz laid a wreath at the Petofi monument.

"Cold winds are blowing, and these cold winds are ominous; they are messengers of bad news. Not too long ago we learned of the dismissal of the National Bank president; now we hear that the suitability of the Television president is being questioned, and, of course, we hear every day about a politically motivated appointments," Gabor Demszky began his speech. This is why many view the independence of the administration of justice as endangered, and this is why people feel that the client system is growing day after day.

He viewed the defense of the already achieved freedom of the press as a primary task. "Hands off the media,

hands off the television, hands off MAGYAR HIRLAP! This is the message that is being conveyed by the March of 1992," the Lord Mayor said. Thereafter he spoke of several decades of experience in which the press controlled by the government deteriorated into a flimsy means of propaganda. Quoting Szechenyi, Demszky declared that "I respect everyone's view, but I feel contempt for views that have been bought."

Thereafter Demszky addressed the threats presented by hatred expressed against foreigners, and by strengthening anti-Gypsy sentiments and anti-Semitism. He asked the audience to provide all possible protection to minorities residing in our country, and in particular to colored students studying in Budapest.

"We must candidly confront our party state past, because all of us are children of a totalitarian system," Demszky stressed, but cautioned that going back for decades with the administration of justice is impossible.

As a positive example he mentioned that on the morning of our national holiday he placed a wreath at the Petofi statue in Pozsony [Bratislava] together with the mayor of that city. We also need this kind of dialogue, "the handshakes of Pozsony" in Hungary.

An agreement of friendship and cooperation was signed at the mayor's office in the presence of the U.S. ambassador to Hungary on the occasion that New York chose Budapest as her sister city.

#### 5,000 Demonstrate at Television

92CH0452E Budapest MAGYAR HIRLAP  
in Hungarian 16 Mar 92 p 4

[Article by Janos Bercsi: "Andras Marton: We Could Acquire Weapons Within Moments! Lynching Mood in Front of the Hungarian Television"]

[Text] Several weeks ago the National Association of 1956 announced plans to hold a protest demonstration. In addition to demanding that their grievances be remedied immediately, they also demanded that the presidents of the television and radio, and several employees holding leadership positions at these organizations be kicked out immediately. The 1956 Association began its day-long celebrations at the Petofi statue on Sunday morning; its speakers complained for not being allowed to use the amplifiers brought there by supporters of the Democratic Charter assembling at the foot of the statue.

"Hungarians have been familiar with the meaning of the Constitution for a thousand years, and thus we have no need for others to explain to us what the Constitution means," Association spokesman Antal Dobos said. "We have heard platitudes from the friends of Germans and the friends of the Soviets, and we have heard the same platitudes from Bolsheviks and Fascists. Janos Kadar, the worst henchman of all times, also used platitudes to make promises to the revolutionary youth just to have the police crush what the people believed in," Dobos



roared with the vocal approval of the crowd. Thereafter the group, reinforced by skin-heads marched, to the Museum garden without making a secret of its intent to disturb Gyorgy Szabad's speech and the festivities, and to recruit people to register their protest against the television.

"God has mercy, but we, the people of 1956, have no mercy!" a huge banner proclaimed to the 1,500 vocally complaining people because they were unable to enter the gates of the Museum garden when National Assembly President Gyorgy Szabad began his festive speech.

As the speaker glorified Hungary's constitutional order, the excited group immediately began charging that "The Constitutional Court betrayed the 1956 Revolution!" And as the festivities continued, they began to feverishly prepare a demonstration against the television, moreover, some hotheaded skin-heads began making plans to occupy parliament....

Gyorgy Szabad was halfway through his speech when loudspeakers mounted on Lada cars belonging to the 1956 group announced that the organizing committee would welcome every well-intended compatriot to a grand meeting whose function would be to make a common profession of faith. With these words the 1956 Association departed to the scene of its demonstration, in front of the television building. But some passionate people who formed the so-called hard core of the demonstration also gathered in front of the Hungarian Television building. Soon thereafter a vocal team of skin-heads arrived and called on those present to maintain order.

Policemen surrounding the television building did not know what to do at first. A military commando unit had been deployed inside the building, together with units of a police battalion specially trained to disperse crowds. The crowd was able to advance very fast to the bottom of the stairs because the building was guarded only by a negligible number of policemen. It seemed that the possibility of entering the building was at hand, when three rows of policemen formed a live chain in front of the stairs. Momentarily the two groups faced each other eye to eye, but then, Andras Marton, a leading personality of the 1956 Association suggested to the passionate people to remain in front of the stairs:

"They claim that we are the mob! My friends, let us demonstrate to them that we are not the mob. We are able to convey our demands this way, and we will hold them to account regarding these demands," Marton, once the commander of the Kilian barracks encouraged his followers. Thereafter, to the surprise of very many, Marton introduced Imre Sinkovits as the key note speaker of the event. Sinkovits tried to convey his feelings with noble words, reciting Gyula Illyes' poem. After Sinkovits, Jeno Fonay, chairman of POFOSZ [National Association of Political Prisoners] stepped up

to the microphone and passionately attacked the government for not having rehabilitated the victims of the 1956 revolution to this date, while communist murderers walk around freely, without being punished.

"The government wants to take hold of the press!" Fonay charged the government in his next condemnation, then asked this rhetorical question: "If this was not the case, how should we explain the police line that prevents demonstrators from entering the building?" "Down with them," "Come out of the building," the crowd roared. Meanwhile countless small skirmishes and struggles evolved in the crowd. They began pulling the cameramen's and photo reporters' equipment, and the skin-heads administered quite a few slaps in the face and kicks to indicate that they disliked certain persons' physiognomy.... Thereafter Antal Gereb read the demands of the 5,000 demonstrators slated to be delivered in the afternoon to Prime Minister Jozsef Antall by Pal Esztergar, Jeno Fonay, Andras Marton, and Janos Roik. Toward the end of the demonstration Andras Marton once again took the floor; amid increasingly heightening passions—"Down with Hankiss"—he voiced the need to continue with the revolution. As part of his statements he said that "... although we have no weapons at present, if needed, we could acquire weapons within moments!" Gergely Pongratz, one of the Corvin Square commanders demanded that the commander of the police line immediately issue orders for his men to remove themselves. The commander did not comply with this demand, and thus the demonstrators hang around for a while, voiced their complaints from time to time, then dispersed in groups.

### Protests Against MSZMP Leader

92CH0452F Budapest MAGYAR HIRLAP  
in Hungarian 16 Mar 92 p 5

[Article by Sz. Sz.: "Applause and Boos for Thurmer"]

[Text] Following some scandalous scenes at Salgotarjan, similar scandalous situations accompanied the appearance of MSZMP [Hungarian Socialist Workers Party] leaders in Debrecen. Party Chairman Gyula Thurmer wanted to welcome 15 March on Saturday morning at the main square of Debrecen by delivering a ceremonial speech. Kossuth Square had been surrounded with barriers and a police line: Inside the followers of the MSZMP celebrated Gyula Thurmer, while outside, hundreds of people gathered in response to a call issued by POFOSZ [National Association of Political Prisoners] and the TIB [Historical Justice Committee] disgraced the Workers Party and its chairman.

The past does not belong to parties and to politicians, but to the entire nation; the present celebration belongs to every Hungarian in whose minds the message of March 1948 echoes clearly, Thurmer said. Thereafter the party chairman declared that the social contract reached between the electorate and the ruling coalition has disintegrated because instead of a system change the ruling

coalition accomplished a changing of the power elite, while remaining indebted with the establishment of a modern Hungary. Thurmer recommended that a new social contract be consummated, one that includes parties not seated in parliament, and which could be negotiated in the framework of a national roundtable discussion.

People outside the police line endeavored to disturb Thurmer's speech with loud remarks. The demonstrators compared Thurmer with Szalasi, Rakosi, and Kadar, and recommended that he place the Workers Party's wreath on Lenin's or Stalin's monuments, instead of on the Kossuth statue.

The real scandal evolved after Thurmer's group left. Demonstrators crossing the police line washed the foundations of the Kossuth statue disgraced by the communists, and wanted to remove the MSZMP wreath that has been placed there. At this point Independent Smallholders Party managing vice chairman Sandor Cseh intervened and called on the passionate anti-Bolsheviks to preserve their dignity, declaring that not even this communist provocation had turned our national holiday into a day of mourning.

Representative Lukacs Szabo personally pasted a piece of paper on the windshield of Gyula Thurmer's car parked in front of the Golden Bull Hotel, ready to leave. The paper carried the following message: "Communist murderers, how dare you come here?"

#### **Demonstration at T.V. Lauded, Demszky Scored**

##### **Police Cordon Angers Crowd**

92CH0485A Budapest UJ MAGYARORSZAG  
in Hungarian 16 Mar 92 p 5

[Article by Eva Onody: "The Spiritual Homeland Is in Danger; National Grand Meeting at Szabadsag Square"]

[Text] With backs turned toward the entrance of the Television building, a crowd numbering 20,000 gathered in response to a call by the National Association of the 1956 Revolution at 1300 hours on 15 March at Szabadsag Square and expressed its desire for freedom. To their great surprise, a police line formed of two rows of policemen guarded the building entrance. This was reminiscent of a 15 March of a few years earlier, and it enraged the crowd. The mood was tense from the first moment on even though the first speaker, POFOSZ [National Association of Political Prisoners] Chairman Jenő Fonay began his speech by saying that "I bow my head to you, my dear brothers, with respect." And when he asked the policemen posted on the stairs from whom they were protecting the building and mentioned the name of Istvan Eörsi, 20,000 voices chanted: "Shame on Eörsi!" "Shame on Eörsi!" "Down with the traitor!" "Down with the traitor!" I learned from the person next to me that Istvan Eörsi publicly announced the other day that he would defend the Television building against the 1956 group, if needed. In contrast, however, none of

those present had plans to attack the building; not only the speakers, but also banners and signs called for order, discipline, and dignity: "Act, Create, and Augment!", and "Be faithful, my nation, and have confidence in your future!" We were moved as we stopped under the old Hungarian flag with a hole from 1956; the hated insignia had been cut out of its center in those days, and the black ribbon tied next to it was blown in my face by the wind.

#### **They Should Leave the TV Voluntarily!**

Fonay drew a parallel between the two revolutions, because one must come to believe that as Bem, Klapka, or Damjanich had engraved their names on the golden pages of Hungarian history, so did the kids from Szeana Square and Corvin Alley. While in 1848 it took a year and a half to defeat the Hungarian revolution with the help of the Czar, in 1956 two weeks sufficed for the caterpillars to stampede the revolution into the concrete. And while beginning in 1848 it took 18 years to reach a compromise, it took 33 miserable years after 1956 to be liberated. Insofar as the present situation could be called freedom, that is, a situation in which the tormented nation is unable to stand on its feet, because the untruthful and mudslinging press and media pull it down. At the same time, the speaker did not make any threats, he reassured the Television employees that the crowd would not enter the building to pick them up—they would have to leave voluntarily, but for good.

The rest of the speakers echoed the same thoughts: Rezso Kiss, who escaped to Paris to avoid being executed, continued by saying that "Despite all malicious rumors we declare: We do not want to shoot! We do not want to lynch people! We do not want to beat anyone into the clay! But we do demand to have what we fairly can claim as our own. Ten million Hungarians are entitled to hear the truth, they are entitled to a media and to a press that conducts itself in a manner consistent with the Hungarian spirit. And they are entitled to this not just some time, but right now!" The crowd broke out in an unending tornado-like applause. It was a moving experience to hear 20,000 palms clap; the force of the applause could not be measured. I was similarly amazed when someone mentioned that the Constitutional Court "... wants to erase the crimes of mass murderers, even though these crimes never lapse." At this point, all of Szabadsag Square turned into a seemingly endless cry: "No, No, Never! No, No, Never! No, No, Never!" All the men and women present turned into a single, huge, live and pulsating square. One wonders whether everyone understood the meaning of these three words in the days of Trianon! In the final analysis, every complex and difficult issue can be expressed in very simple terms. Things that could be summarized in 12 points in 1848 could be expressed in 1956 only in the framework of 14 points, and by now the number of points has increased to 16. Attila Gereb read the 16 points in a powerful tone of voice, and I jotted down the most urgent one in my notebook: "Let the infamous leaders of the communist

rule be held responsible, those proven to have participated in murder and genocide!" "We demand the abolition of the patchwork Stalinist constitution and that it be replaced by a new Hungarian constitution!" "We want Hungarian history to be written truthfully!" "Let us remove those who falsify history!" "... let the agitators of the dictatorship leave the Radio, the Television, and the newspapers!"

#### The Freedom of the Press—The Press of Freedom

At this point our colleague Denes Kiss announced that the Community of Hungarian Journalists [MUK] was established on 15 March. Denes Kiss was imprisoned in 1956. Another round of applause began and Denes Kiss was unable to say a word. (As a peculiar coincidence, Istvan Balazs, standing next to me during the applause, whispered to me the following: 'My brother, Ferenc Balazs was hanged on 10 April 1957 because he organized [another] MUK: the revolutionary movement called "Marciusban Ujra Kezadjuk" [We will start again in March]. I am not saying anything now, because at this moment I would only pour oil on the fire. The crowd should be calmed instead.') My colleague [Denes Kiss] briefly reported on the establishment of the journalists' community. I would like to quote just one of his beautiful and true words: Our homeland is in danger—our spiritual homeland, which lives in our hearts and souls; and this means justice, freedom, and law. From this square, the name of which is Szabadsag [Freedom], the truth, and not lethal doses [of propaganda] should be broadcast to the people. Let there be a freedom of the press at last, the press of freedom.

Thereafter they read the text of the petition addressed to the prime minister of the democratically elected government.

Wearing his military uniform, Ferenc Tajti supplemented the text of the petition with a deliberately slowly spoken sentence: Let the government qualify this petition, and let the government tell the nation what it wants to do.

And if this petition does not create an impact, we, the people of 1956, are next in line. For in this country there will no no communist dictatorship again! The former workers guards hold on to their arms in vain, and Gyula Thurmer and his team act as wise guys in vain. We did not have weapons in 1956, nor do we have any today, but if needed we will acquire weapons in a matter of moments. And let the God of Hungarians have mercy on those who once again aim their weapons in this homeland at the Hungarian people.

I am looking at the little boy dressed in a blue jump suit as he swings with a yellow pacifier in his mouth, holding on to the podium. As if he understood the message: he squinted at the speaker.

#### Demszky's Speech Attacked

92CH0485B Budapest UJ MAGYARORSZAG  
in Hungarian 16 Mar 92 p 5

[Interview with Budapest 12th District National Assembly Representative Bela Horvath, Hungarian Democratic Forum, by Bano; place and date not given: "Ruling Party Representative on Demszky's Speech"—first paragraph is UJ MAGYARORSZAG introduction]

[Text] District 12 MDF [Hungarian Democratic Forum] National Assembly Representative Bela Horvath answered this newspaper's questions regarding the controversial "ceremonial" speech delivered by Budapest's mayor at the Petofi monument.

[Bano] From time to time, our moderate politicians and the parties seated in Parliament call for the appropriate celebration of our fight for freedom, and a tacit consensus is evolving to the effect that the 15th of March be regarded as a peaceful commemoration free of politics. Considering this attitude, how do you view the speech the mayor delivered yesterday?

[Horvath] As an individual representative of Budapest I express shock over the statements made at the foot of the Petofi monument. Mr. Demszky, as the head of the Budapest local government, used this occasion to advance his partisan political goals. The MDF National Board issued a statement on 5 February in essence calling for a holiday celebration in which partisan and group interests, and false, political overtones which divide society did not play a role.

[Bano] The mayor stressed the need for working together.

[Horvath] His statements were filled with contradictions and political overtones. Mr. Demszky alternated between national, Budapest, and party politics, and I feel that his speech only increased the tensions that divide society.

[Bano] He said: Hands off the press, hands off the television, and hands off MAGYAR HIRLAP. What do you think of that?

[Horvath] In my view, one should not fight for the freedom of the press today, but instead we should establish the press of freedom. We cannot speak of a system change within the press. The old power elite in combination with the present opposition controls a significant segment of mass communications in Hungary. Reverting to Mr. Demszky's speech, I quote from the appeal made before the celebration. "...On this great holiday many generations... learned about the love of the country and loving freedom, and will continue to do so in the future." His speech did not at all support this thought, not a single sentence in the speech encouraged love for our homeland. In contrast, several ideas were expressed that echoed the strategy announced earlier by the SZDSZ [Alliance of Free Democrats]. I very much

hope that the president of the Republic, who stood next to the mayor during the speech, does not share the views stated.

### **Demszky Called 'Changed Man'**

92CH0485C Budapest UJ MAGYARORSZAG  
in Hungarian 23 Mar 92 p 16

[Letter by Peter Juhasz: "After the Holiday"]

[Text] This writing pertains to the 15 March memorial celebrations. The tone of voice of a series of beautiful and moving celebrations was spoiled by the distorted voice of Budapest Mayor Dr. Gabor Demszky. It did not fit into the celebrations.

I was shocked by his speech; some of the things he said should not have been said by the mayor of Budapest or by Gabor Demszky. This is the more incomprehensible, because like the mayor, I, too, took part—perhaps in a lesser role—in the then persecuted and beaten up holidays of the past 20-25 years. Gabor Demszky has been the pure symbol of our generation. But his recent actions give the impression of an entirely different, changed man.

As one who knows and who has suffered through the past I dare say: I heard such speeches only in the days of the party state. Just like the people of the party state, on this occasion the mayor, too, managed to disgrace the spirit of 15 March 1848.

Gabor Demszky could have recognized the success of his speech as a result of sporadic "expressions" of disapproval of statements Demszky regarded as substantial and of great significance, and by the facial expression of the president of the Republic, who stood next to him.

Dear Sir, you are following the wrong path.

Peter Juhasz, Budapest

### **Defense Ministry Financial Irregularities Charged**

92CH0423A Budapest 168 ORA in Hungarian  
10 Mar 92 pp 4-5

[Interview with Deputy Tamas Wachsler, Alliance of Young Democrats, by Tibor Hollauer; place and date not given: "The Defense Ministry's Secret Funds: Arms and Canned Foods"—first paragraph is 168 ORA introduction]

[Text] In the wake of leads uncovered by Deputy Tamas Wachsler (FIDESZ [Alliance of Young Democrats]), the Auditor General's Office has shed light on strange financial irregularities at the Defense Ministry. It turns out that the ministry, by cleverly investing budgetary resources appropriated in years past and manipulating funds deposited in certain secret accounts, has been able to conceal billions [of forints] from the National Assembly's oversight. This interview with Tamas Wachsler, by Tibor Hollauer, is about mysterious accounts, strange

arms sales, shipments of canned goods paid for but never delivered, and generously subsidized hunters' associations.

[Hollauer] When did the movement of these funds begin?

[Wachsler] If everything we have been told is true, the deposit account in question was opened in 1968. For a long time it showed hardly any activity, its balance remaining between 10 million and 20 million forints. Until 1987 and 1988, when money flowed into it from peculiar transactions. In part, these transactions were export deals, arranged as follows: The Defense Ministry would buy arms from, say, the Soviet Union, and then reexport them to somewhere else, at a substantial profit. Furthermore, the Finance Ministry transferred its secret reserve to the Defense Ministry in 1989, out of which the Defense Ministry received 853 million forints. That was a gift to the Defense Ministry, for having aided this transaction.

### **Roaming the World of Finance**

[Hollauer] Excuse me. We were discussing the secret funds of the Ministry of Defense. But in the very first sentences we hear that the Finance Ministry's secret funds were transferred to the Defense Ministry's secret account. Does that mean that the Finance Ministry, too, had secret funds?

[Wachsler] Yes, it seems so. In this matter the Auditor General's Office came to the conclusion that also the Finance Ministry's responsibility had to be investigated. It instructed the ministry to establish who could be held personally responsible.

[Hollauer] Then in which year are we now, and at what sum?

[Wachsler] We are in 1989, and the amount on deposit is already of the order of a billion forints. Financial maneuvering with this money began in 1988 and 1989. Essentially the money was invested through banks, brokerage houses and enterprises, thereby earning substantial interest income for the ministry. Without the National Assembly's knowledge, I might add. Usually these funds did not flow back immediately into the account. Instead, they started off to roam the world of finance. Which means that whatever the books showed actually differed by orders of magnitude from the amount of money available.

[Hollauer] And what about the Defense Ministry's internal accounting?

[Wachsler] The Defense Ministry's official financial statements reported amounts smaller by orders of magnitude than what was in the deposit account.

[Hollauer] How were these funds placed?

[Wachsler] Actually, it would be difficult to name a bank or brokerage house that did not get some of this money;



in the course of securities transactions, for instance. Interest-bearing or interest-free loans were disbursed to enterprises, and even to hunters' associations. These funds, one could say, were placed everywhere in the world.

[Hollauer] When has the existence of these funds first come to light?

[Wachsler] In the summer of 1990 Defense Minister Lajos Fur ordered an investigation into limited-liability companies formed with Defense Ministry funds. That is yet another topic which merits separate discussion.

[Hollauer] The list, then, includes not only banks, brokerage houses, hunters' associations and state enterprises, but limited-liability companies as well?

[Wachsler] Limited-liability companies were formed, and these funds were a source of the companies' contributed capital. I would be unable and unwilling to tell you who was involved. But, as I said, this would merit separate discussion. We were saying that Lajos Fur ordered an investigation into limited-liability companies, and the report on this investigation mentions also the deposit account. If everything we have been told is true, then Lajos Fur first learned about the existence of the deposit accounts from the report on this investigation. He ordered another investigation, the outcome of which was that the deposit accounts were frozen in the summer of 1990. Instructions were issued to transfer the funds in the deposit account back into the Defense Ministry's regular budget.

[Hollauer] Who ordered the freezing of the secret accounts?

[Wachsler] That decision originated within the Hungarian National Bank-Finance Ministry-Defense Ministry triangle.

#### An Oblique Hint

[Hollauer] As I recall, the news that the Defense Ministry in years past had been administering funds deposited in secret accounts did not receive any particular publicity in the summer of 1990.

[Wachsler] That is true indeed. The freezing of the deposit account did not receive any publicity at all. The first public mention of this deposit account occurred in the summer of 1991, in the debate on the bill to approve the 1990 annual state budget's report balance of revenue and expenditure. In his exposition on the bill, the finance minister hinted that the Defense Ministry's unrealistically high interest income stemmed in part from investing the funds in this deposit account.

[Hollauer] What was the balance of that deposit account?

[Wachsler] When it was frozen, the balance of this account was about 3.6 billion forints. Which means that 400 million forints remained idle in the account, and the

remaining 3.2 billion forints flowed in through various routes, as I have mentioned, from the world of finance.

[Hollauer] But these funds were expected to return into the account?

[Wachsler] Yes, the political intent was to let these funds flow back into the account.

[Hollauer] Into the Defense Ministry's budget, in other words?

[Wachsler] Yes, specifically into the Defense Ministry's principal appropriations account No. 0001. In all, 400 million and again 2.0 billion forints, or a total of 2.4 billion, did flow in by the end of 1990. As compared with the 3.6 billion forints the ministry had estimated in its 1990 budget.

[Hollauer] In other words, the estimate was higher than what flowed in?

[Wachsler] Yes. Which means that they had to make up the difference from somewhere, but I do not know from where.

[Hollauer] Then all at once the 1.2-billion-forint remainder also flowed in the next year, out of nowhere? After all, they had already declared the entire amount as estimated revenue.

[Wachsler] Yes, during 1991 the 1.2-billion-forint remainder also flowed into the Defense Ministry's budget.

[Hollauer] That probably was a surprising development.

[Wachsler] I doubt that it was surprising for the Defense Ministry, but it certainly came as a complete surprise to me. The Auditor General's Office came to that conclusion. The Defense Ministry, I believe, had been anticipating this. I hardly think it came as a surprise to them.

[Hollauer] You said that in the summer of 1990, immediately upon taking office, Lajos Fur ordered an investigation that uncovered the existence of such secret accounts, whereupon he made arrangements to freeze the accounts and to return the funds in them into the Defense Ministry's budget. I fail to see how he could be held responsible?

[Wachsler] He is responsible because the transactions continued even after the investigation, while he was in office. For instance, the Auditor General's Office also established that, under Lajos Fur, the Defense Ministry concealed 946 million forints from the National Assembly, through fictitious contracts, fictitious purchases for future delivery.

[Hollauer] How could that be arranged?

[Wachsler] Let me cite a specific example. At the end of 1990, the Defense Ministry concluded a contract with the Budapest Cannery, for the purchase of 200 million forints' worth of canned foods. The contract was signed

and the money paid, but the canned foods remained at the cannery. Later, at the beginning of 1991, the contract was cancelled on the basis of a clause in it, and the cannery refunded the purchase price, with some delay. The ministry fared well, because it had spent the remainder of its appropriation, which it did not have to declare, and which it otherwise would have forfeited, etc.

#### Everyone Fared Well

[Hollauer] In other words, the Defense Ministry got a larger slice of the state budget.

[Wachsler] Yes, it did. But the cannery also fared well. In fact, it had obtained a loan from the Defense Ministry for a time. I have intentionally chosen the Budapest Cannery as an example, because this case is especially interesting in that the cannery did not have to pay interest on the loan.

[Hollauer] How come?

[Wachsler] No interest was charged on the loan.

[Hollauer] How long was the term of the loan?

[Wachsler] From the end of 1990 until approximately the autumn of 1991.

[Hollauer] The interest during that time would have been at least between 20 million and 30 million forints.

[Wachsler] Also according to my calculations.

[Hollauer] What was the final outcome of this interest claim?

[Wachsler] You would have to ask the Defense Ministry. Subsidies for the hunters' associations were another type of transaction. In late 1989 and early 1990, the Mate Zalka Hunters' Association of Sutto was experiencing financial difficulties. It is important to know that high-ranking officials of the Defense Ministry—including Major General Engineer Karoly Janka, the chief of the ministry's Main Department of Defense Economics—played a prominent role in this association. Help for the association was provided by depositing 20 million forints with a bank, and instructing the bank to credit the interest on this deposit directly to the association. Through this arrangement, the hunters' association actually received a grant of 10 million forints from the deposit account. As a result of another arrangement in early 1990, the association received an advance of 1.0 million forints on its loan, and that again was free of interest.

[Hollauer] So far we have been discussing mainly 1990 and 1991. You said that funds were concealed in the Defense Ministry at the end of 1990, to reappear again at the beginning of 1991. But now we are in 1992.

[Wachsler] Whether the Defense Ministry concealed funds from the state budget at the end of 1991 is a separate question, and I most certainly would like to know the answer to it. All I can add is that the ministry, by its own admission, had 8.8 billion forints of revenue in 1990.

[Hollauer] From what sources did that revenue originate?

[Wachsler] That is a very good question. The 1990 budget estimated 4.6 billion forints of revenue for the Defense Ministry. The ministry itself undertook to earn 2.6 billion forints of that amount, and the state budget was to provide the remaining 2.0 billion forints, if the ministry failed to raise this difference through the sale of real-estate properties that had belonged to the Workers Guards. The real-estate properties in question could not be sold, and the state budget did not compensate the ministry for that dropout in revenue. In spite of this, the ministry was not only able to earn the 4.6 billion forints of estimated revenue, but even exceeded that amount by 4.2 billion forints more.

[Hollauer] Is it possible to obtain an itemized breakdown of the 8.8 billion forints of total revenue?

[Wachsler] I do not know. But it means that the Defense Ministry, which had been a favorite child also under the previous political system, was able to operate according to special rules. The general rules did not apply to the ministry. It placed itself above the law. Here the point is not that the Defense Ministry had been clever enough to pull the wool over the eyes of the party-state's control organs and other ministries. The point is that, for various political considerations, the Defense Ministry was placed above the law.

#### Fur's Surprising Statement

[Hollauer] Just the Defense Ministry?

[Wachsler] The Defense Ministry was merely the first step. Therefore we would like to investigate also the other ministries in similar depth, to find out whether the same things have happened there as well.

[Hollauer] My impression is that you are holding also Lajos Fur responsible for the operation and continuation of party-state transactions, methods and mechanism, whereas the minister himself had requested the Auditor General's Office to launch an investigation. The minister, I believe, emphatically said so in a recent interview.

[Wachsler] Yes, Lajos Fur made that statement on "A Het" [a weekly TV news program], and I was very much surprised to hear it. I feel obliged to set the record straight: It was the National Assembly's Defense Committee, not Lajos Fur, who requested the Auditor General's Office to launch its investigation.

**Constitution-Making Process Discussed**

92EP0310A Warsaw *TYGODNIK SOLIDARNOSC*  
in Polish No 12, 20 Mar 92 p 3

Interview with Professor Lech Falandysz, secretary of state in the Presidential Chancellery, by Joanna Jachmann; place and date not given: "Poland Can Afford a Better Constitution: Why Shouldn't It Last 200 Years?"

[Text] [Jachmann] By sending to the Sejm a draft of a law on the course of preparation and approval of the constitution of the Republic of Poland, the president called into question the rule whereby a fundamental law is approved by the National Assembly, whereas its proposal is developed by a commission composed exclusively of parliamentarians. The legislative process is thus almost identical to that in the case of all other laws.

[Falandysz] Exactly. And the constitution is, after all, an exceptional law. It is a law which not only defines the rights and responsibilities of citizens, but also divides authority. It is, at the same time, a supra-parliamentary act; it would seem to be obvious that none of the branches of government should have a monopoly on the final form of the constitution which ought to protect society from all authorities. Not only from the executive branch.

[Jachmann] I must admit that I discerned a less noble motive in the presidential initiative: The president, proceeding from the assumption that a weak and divided parliament might want to limit the scope of his powers still further, decided to protect himself from such an eventuality.

[Falandysz] That is a fundamentally false understanding. The president's aim is in no way the undermining of the parliament's authority. The draft presented to the Sejm does in fact implement a constitutional model, which stands in obvious opposition to the traditional parliamentary model; it does not, however, exclude the possibility of compromise. The intention of such a compromise is contained, for example, in the suggestion that the discussions on the Sejm's version not be interrupted. I think that one could regard the president's initiative as something like a broadening of the selection.

[Jachmann] When you informed the Sejm Legislative Commission about the president's initiative, the commission had just finished work on the final form of a draft, in which supposedly all the postulates submitted by the president had been taken into consideration, of the law on the course of approval of the constitution.

[Falandysz] The draft, which has been arousing so much emotion for several days, was not unknown to the members of the Constitutional Commission. The appropriate materials were deposited with the commission, yet did not awaken interest. In this situation, Lech Walesa decided that the only way to acquaint society with the draft was to announce it officially, in the form of a draft of a law.

[Jachmann] The president's draft could not arouse enthusiasm, if only because it turns the established order upside-down. Would you like to present the differences between it and the Sejm's draft a little more broadly?

[Falandysz] The president's intention is for the whole process of the drawing up of the constitution to take place publicly, not in the silence of political offices. The people should approve the constitution in a referendum, deciding for or against the draft of the law presented by the National Assembly. This is the first difference: Society, and not the National Assembly, decides about the shape of the constitution.

The second essential difference is the make-up of the Constitutional Commission. According to the principle that one branch of government cannot decide about the content of the constitution, the commission would not be a parliamentary body. It would be a broader, codificatory corporation, made up of parliamentary deputies (12), senators (5), presidential delegates (5), representatives of the government (3), Supreme Court judges (3), and Constitutional Tribunal judges (2). This 30-member body would make decisions with a two-thirds majority; the decision to accept the draft of the constitution would be accomplished by the same majority.

From the commission, the draft would go to the National Assembly; at this moment, the public discussion on the draft would begin. After its approval by the assembly, a referendum would be announced.

[Jachmann] The Sejm's draft also permits a referendum....

[Falandysz] "Permits": So there is only a possibility, and not a requirement.

[Jachmann] Somehow it is hard for me to imagine a referendum on the matter of the constitution, which is a law made up of over 100 articles. Will the average person, uninterested in politics, be able to take part in the referendum honestly?

[Falandysz] Of course the average citizen will not be able to declare a position on every article of the constitution, but that will not be expected of him. The time for the announcement of the referendum, from three months to a year after the acceptance of the draft in the National Assembly, should be designated for as broad an acquaintance of society with the contents of the fundamental law as possible. That is the role of members of political parties, parliamentarians, and also all the media. When all the merits and faults of the draft have been concretely and honestly discussed, no adult Pole should have difficulty answering the question of whether he or she is for or against the text of the constitution.

[Jachmann] The referendum is also linked with an loudly expressed fear that a turnout lower than the legal minimum of half those eligible could turn out to be a defeat for Polish democracy. To say nothing of the necessity of approving a new course of drawing up the constitution.

[Falandysz] I don't have such fears, though of course I am not able to predict how many citizens will want to take a position in the constitutional referendum. For a low turnout will not be a defeat for society and democracy; it will be a defeat for the political elites, who turn out to be incapable of dialogue with their electorate and with the members of their parties.

[Jachmann] I calculated that if everything goes well—for it is difficult to predict, for example, how many drafts of the constitution will be submitted to the commission—we would have a new fundamental law somewhere in the spring of 1994.

[Falandysz] And why should we hurry? Poland cannot afford just any old constitution. Since this is to be a constitution worthy of the independent republic, let it be a law which is thought out and worked out in every detail; one which it will not be necessary to change after half a year. Why shouldn't we create a constitution which will last for 200 years?

[Jachmann] However, it is difficult to live with the present constitution. It has been profaned and manipulated so many times that even the word means little for Poles.

[Falandysz] That is also an argument against undue haste. I agree, the present constitution completely does not suit the new social and political conditions; there is, however, a way out of this situation: the "little constitution," which the parliament can approve. This is the more so since there is a draft, submitted by deputies of the Democratic Union Parliamentary Club, which, as far as I know, the president accepts to a large degree. The "little constitution" would define all matters which demand the most immediate change, giving the chance for a peaceful development of the draft of the "large" constitution, without emotion and the pressure of time. I think that this is the most rational solution, and I believe that the deputies also share my view. The president does not want a constitution for himself. He wants a constitution that will stand above him as well.

#### **Eysymontt Outlines Foreign Investment Policy**

92EP0332A Warsaw RYNKI ZAGRANICZNE in Polish  
No 28, 5 Mar 92 p 1

[Article by M.M.: "Will Foreign Capital Come?"]

[Text] The development and normal functioning of the Polish economy is inseparably linked to the inflow of foreign capital and modern technology—in other words, with foreign investments. The main assumptions of foreign policy relative to foreign capital were presented by Minister Jerzy Eysymontt during a meeting of over 70 representatives of American entrepreneurs investing in Poland. Thus far, they have invested approximately \$2 billion in our country. According to expectations, and also possibilities, this is too little.

In addition to matters already generally known from the government assumptions of socioeconomic policy, Minister Eysymontt announced that a special foreign-investments advisers' office will be established, to include experts from foreign countries. Anyway, this is in response to an initiative of the U.S. Government.

Unfortunately, the matter of investment tax relief still seems to be a long way off, due to the complicated budget situation. It is only with great difficulty that we can permit ourselves to apply special preferences, said the minister. But generally, the Polish Government intends to apply a tax system—this pertains to not so much the next few months as the years that follow—which will be friendly to investment.

The creation of temporary duty protections is, for the government, also an open matter. Obviously, declared Minister Eysymontt, we do not have complete freedom to sign an agreement to become associated with EC. He also added that insofar as currency-exchange rate policy is concerned, appreciation of the zloty, which has an unfavorable impact on exporters, will be avoided. Poland is determined to maintain the convertibility of the currency and, within reasonable limits, the stability of the zloty's exchange rate.

We are also planning to pattern our tax system after those which exist in West Europe. However, certain special tax preferences will be applied in only two cases: when investments will be implemented in regions where the danger of unemployment is particularly grave, and when they will be explicitly linked to an increase in export.

We are definitely against any kind of individual preferences, is what could be heard in the reply. The feeling of economic stability and explicit, unchanging regulations favoring investment, are sufficient for us.

The businessmen called attention to the need to regulate the ability to enforce mortgages. Yet in Poland it is still not known who is the owner of the land, for example, and who owns the buildings standing on it. A solution to these questions would make it possible to provide safeguards for foreign credits, for the entry of foreign investment capital.

In talks with a RYNKI ZAGRANICZNE representative, they admitted that were it not for their Polish connections—as happens in most cases—they would invest their money in other postcommunist states. For example, they cited Hungary, where the feeling of political stability is greater and Hungarian regulations are more similar to Western concepts and expectations.

#### **Significance of Promise of CIS Trade Stressed**

92EP0330B Warsaw RYNKI ZAGRANICZNE in Polish  
No 32, 14 Mar 92 p 3

[Article by Tadeusz Lamacz: "An Opportunity in the East"]



[Text] While in the developed countries and the Third World we can only expect to have to arduously conquer market niches, the Commonwealth of Independent States represents a huge unconquered market that can be shaped and, without exaggerating greatly, created from the ground up. It is worth noting that the rapid economic growth of the countries of the Asian Pacific Rim occurred in the presence of favorable external circumstances which in the 1960's included extensive Western assistance (credit, subsidies, gratis [technology] transfers), a vigorous influx of direct investments, and the possibilities for selling low-cost industrial products on Western markets. At present these markets already are saturated, zones of influence are being aggressively protected, and specialization has been completed.

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It will be difficult for Poland to accomplish a "development leap" on the basis of Western markets and assistance, such as was accomplished by the above-mentioned newly industrialized regions. At present the principal opportunity for our growth is located east of our border, and our becoming a counterpart of those Asian economic "tigers" hinges on our exploiting that opportunity.

Cooperation with the CIS must of course be within a treaty framework. Intergovernmental agreements on clearing of accounts and assuring an adequate supply of tradable goods in both countries should be completed. But if doing business in the East is to be seriously considered, it has to be realized that high-level agreements in themselves will not settle anything, for a consistent feature of the economic agreements concluded with the CIS is that their terms are not being kept. Anybody who engages in trade with our eastern neighbors is aware that it simply lacks any standards of comparison with the practice of commercial relations in the West. Much can be gained and much lost there, and there is no certainty that transactions will be consummated.

An undercapitalized country like Poland cannot even dream of launching a kind of "eastern campaign." Hence, ingenuity should be harnessed in another direction. Direct contacts between companies are irreplaceable. However, few Polish companies know how to proceed in the particular economic atmosphere of the CIS, and the number of competent and effective companies will not rise rapidly. Last year's collapse of trade with the East provides indirect proof that even Polish foreign trade agencies having experience in trade with the USSR also cannot cope with the new conditions.

Credit is an important element of strategy. Since in many cases trade with the East is based on barter, delayed payments must be credited. Thus, the Export Development Bank has room in which to maneuver. A revival of trade with the East should be soon now promoted by foreign credit for food purchases in, among other countries, Poland. Another rule of action should be

not to let oneself be outmaneuvered by other countries counting on favorable trade with the CIS. The Czechs have already proposed "leasing" a Russian region for joint Czechoslovak, Russian, and Western capital investments. President Havel will probably soon now sign a corresponding treaty with President Yeltsin.

This points to an issue of cardinal importance: the establishment of government-supported and -guided separate special entrepreneurial economic zones. The speed with which the establishment of a duty-free zone in Kaliningrad is proceeding and the plans to establish another one in Kozlowice in Byelarus demonstrate that our initiative is being emulated by our [Slavic] brethren who are following us on the road of reform.

It augurs well that the current architects of foreign economic cooperation are aware of the primary importance of trade with the East. A move which even now serves to confirm the priority of that trade has been making the Duty-Free Zone in Malaszewicze a completely free-trade zone and the initial steps being taken to turn it into a special entrepreneurial zone with tax relief for investors, exemption from local governance, special employment regulations, and so forth.

Zones of this kind operate successfully in regions with varying degrees of development, and they are particularly popular in the developing countries where they operate as a kind of engine of progress. Everywhere they act as catalysts of international trade owing to particularly favorable conditions of trade and investment (exemptions from customs duties, reduced tax rates, lower lease and rental rates, special insurance regulations, etc.) which cannot be duplicated for a country as a whole.

In addition to these evident advantages of a cyclical nature (growth revival), a zone of this kind would accomplish other objectives in our relations with the East. It is a zone to which the supplier of raw materials from the East is interested in providing his goods, because he retains his title of ownership of them and—in the most favorable variant—is a partner in a joint venture located within that zone. And in cases in which no such joint venture exists, he at least benefits from lower warehousing and eventual processing costs.

Another unusually important advantage of such a zone to our eastern border is its great attractiveness to foreign investors. Expectations of substantial investments on the national scale proved to be in vain owing to the persistent economic instability, whereas within a 200-hectare economic zone, guarantees of stability can be provided. Stability of tax regulations, ingress and egress requirements, prohibition against political activities, and a ban on strikes [within the economic zone]—this can be afforded even by a country with several dozen political parties and an empty Treasury. At Malaszewicze quite a few offers of investment of foreign capital have already been received. But the prerequisite is simple: it should be an economic zone in deed, not in words.

So far the following outfits operate in the Malaszewicze Free Economic Zone: three corporations, two companies, and the Biala Podlaska Forestry Establishment, with the remainder being owned by the Terespol Gmina Office. For the zone to start operating an administrator has yet to be appointed. The central government, which the Biala Podlaska voivode approached regarding the appointment of that administrator (either a legal entity or natural person), is currently investigating whether the laws in force allow such an appointment if the legal entity or natural person is not the owner or perpetual usufructuary of the entire area. The opinions of lawyers are divided.

Business should be "plucked like ripe cherries." This sounds somewhat cynical, but the hunger in the East is affording such an occasion. A shortage of four million metric tons of sugar and catastrophic shortages of grain, meat, fat, and potatoes in the CIS could jumpstart our limp economy. Speed in organizing adequate supplies of these goods in this country and abroad, that is, in acting as an exporter and re-exporter, requires risk-taking, grand gestures, and courage.

The government should act in such matters as a coordinator. Anyone who recently tried to accumulate any large quantities of grain for export to the CIS has found that grain surpluses are scattered at various spots all over this country and there is no efficient procurements system. Loading operations too leave something to be desired. The peasants hoard grain in the somewhat justified expectation that its prices will rise just before the new harvest, but given an inefficient procurements system they will be unable to profit from such speculation. Thus there is plenty of room for the Farm Market Agency to maneuver in.

So far our relations with the CIS have been following the pace and mood of a funeral march. We have been bewailing the inability of our eastern partners to make the payments due. Fictitious companies did good business with the East. Recently, for example, the barter of crude petroleum for sugar could be arranged within a few days; however, sufficient loading capacity for the sugar could not be located, and afterward the sugar simply disappeared, so that Dutch sugar had to be used to pay for the petroleum.

Two elements of eastern policy—a speedy development of the special entrepreneurial zone in Malaszewicze and the implementation of food contracts—have a special urgency. But other elements also exist. This concerns stimulating government officials and private entrepreneurs to be more creative in their approach, eliminating the political barriers, and freeing economic initiative from the fetters of both apathy and demagoguery.

### Terms for Russian-Polish Trade in 1992

92EP0330A Warsaw RYNKI ZAGRANICZNE in Polish  
No 32, 14 Mar 92 p 2

[Communique of the Ministry of Foreign Economic Cooperation: "Terms for Goods Shipments: Poland-Russia"]

[Text] On 10 March in Warsaw Deputy Minister of Foreign Economic Cooperation M. Frackowiak and Deputy Minister of Foreign Economic Relations of the Russian Federation V. Rabotyazhev signed letters of intent defining the terms of trade in basic goods between both countries.

Of major importance is the letter of intent defining the material scope of the shipments and the details of settling accounts, serving as an appendix to the Intergovernmental Protocol on Trade Relations in 1992 signed in December 1991. It confirms an increase in the shipments of crude petroleum (7-8 million metric tons) and defines the possibilities for imports of up to 7.1 billion m<sup>3</sup> of [Russian] natural gas in return for deliveries of [Polish] coking coal and coke (two million metric tons each), sulfur (100,000 metric tons), pharmaceuticals (\$134 million), and railroad cistern cars for the conveyance of liquefied gas.

To clear these transactions, the Foreign Trade Bank of Russia will open two separate accounts at the Commercial Bank, Inc., in Warsaw, and deposit in them Russian receipts from exports of crude petroleum and natural gas to Poland (40 percent in so-called Account A and 60 percent in so-called Account B).

The funds deposited in Account A will be used solely to finance the acquisition of the goods specified in the letter of intent. As for Account B, the funds therein will be the property of the Russian exporters of crude petroleum and natural gas.

The period of mandatory limited freeze of funds in that account was fixed at 30 days. During that period the Russian exporters can spend their earnings only on the Polish market. After 30 days these funds can be, however, transferred from Poland.

It is assumed that an interbank agreement on the procedure for handling such transactions will be concluded next week.

A separate letter of intent regulates food shipments to Russia. It confirms that these shipments will be continued on the existing terms and cleared by Poland's Export Development Bank and Russia's Vneshekonobank.

The last of the letters of intent signed prolongs until 15 April the deadlines for completing the shipments and payments ensuing from the trade agreement concluded in the fourth quarter of 1991 with the former USSR.

### Japanese Importer Mission to Poland Previewed

92EP0331A Warsaw RYNKI ZAGRANICZNE in Polish No 29, 7 Mar 92 p 2

[Article by (TER): "They Want To Buy in Poland"]

[Text] Between 7 and 12 March a Japanese importer mission of some 15 persons, organized under the patronage of the Japanese Foreign Trade Organization (JETRO), will visit Poland. It represents the next stage of the drive to promote imports from Poland organized last fall by the Warsaw office of JETRO, which commenced with a three-month stay of a JETRO expert, Yoshihiro Maeda, in Poland, on which we had reported in RYNKI ZAGRANICZNE, No. 9, of 21 January 1991.

The members of the JETRO-sponsored importer mission to Poland are industrialists and businessmen from various fields of industry and various regions of Japan. The mission chairman is Noritada Itoh, the chairman of Tayo Co., Ltd., of Osaka. Its official schedule includes talks at the Ministry of Foreign Economic Cooperation together with representatives of the Ministry of Industry. In addition, the mission members will pay a visit to the Chairman of the National Chamber of Commerce Andrzej Arendarski and hold four working meetings with Cepelia, Hefra, Swaredz Furniture Works, and Tonsil. A visit to the Consumer Fair in Poznan is also scheduled.

It is hoped that JETRO's drive to promote imports from Poland will bear fruit in the form of an increase in Poland's sales on the Japanese market. The growth rate of Polish exports to Japan has been slow, amounting to only three percent in 1991, with sales totaling, according to Japanese figures, less than \$190 million. In contrast, Japanese exports to Poland increased by 17.2 percent to \$361 million in 1991. Altogether, bilateral trade last year reached a record of \$550.5 million. Poland's growing negative balance of trade with that country is disturbing, however.

The fact of the growth of the deficit in our trade with Japan would be natural and might in the long run even bear advantages to us if we were to acquire investment goods or modern technologies from that country. In reality, however, for several years now, cars and electronic consumer goods accounted for about 80 percent of our purchases. Imports of investment goods from Japan are difficult owing to the lack of easier credit. Let us hope that the recent signing of the agreement to restructure our debt with the Japanese government, in consonance with the understanding reached with the Club of Paris, will break this impasse.

### Difficulties in Drug Exports to CIS Noted

92EP0331B Warsaw RYNKI ZAGRANICZNE in Polish No 27, 3 Mar 92 p 7

[Article by Jerzy Turonek: "Polish Drugs on the Eastern Market"]

[Text] The orientation to the Soviet market used to be for more than 30 years the fundamental element of Polfa's export strategy. It was in consideration of the demand on that market, the world's largest net importer of pharmaceuticals, that the production capacities of Polish plants were expanded and promotional drives, especially the annual symposia in the various republics of the former USSR, held. Exports to that market developed on the basis of contracts for special production and shipments of standardized ranges of products as part of agreements among CEMA member countries.

As a result each year Polfa's position on that market grew stronger. So far 176 Polish medicines for humans and about 30 veterinary drugs have been registered and licensed for sale here. Several dozen new products are moreover being tested. The lengthening list of registered pharmaceuticals makes it possible to continually broaden the variety offered for export. Shipments of Polish pharmaceuticals are of fundamental importance to the health service in the former USSR, and in some cases they represent the sole supply source.

According to the last published statistics, in 1989 shipments of Polish pharmaceuticals to the USSR reached 543.5 million rubles, accounting for nearly 30 percent of all imports of these products there. On that market Poland had become the biggest supplier, greatly ahead of Hungary (303 million transaction rubles), Bulgaria (286 million transaction rubles), and Yugoslavia (182 million transaction rubles).

What is more, exports to the former USSR meant major possibilities to the Polish pharmaceutical industry and yielded sizable financial advantages as well. Each year the export quotas agreed upon in bilateral trade protocols would be usually increased, and the until-recently mandatory payments system assured regular receipt of payments for the drug shipments made.

Thus it is no accident that the Soviet market has become the principal customer for Polish drugs and its share in our overall exports of pharmaceuticals reached nearly 80 percent in 1990. In this way, in practice, the Polish pharmaceutical industry has become dependent on a single market, since that market was the greatest potential customer for the "generic" drugs offered by our industry.

To be sure, the potential dangers of this situation were realized, but all attempts to diversify the export market failed to produce the desired results, apart from the steadily growing exports to the member countries of the former CEMA. Thus, in 1990 our pharmaceutical exports to Western markets did not exceed 15 percent of the overall value of such exports, and they consisted chiefly of pharmaceutical substances rather than ready-made drugs; this situation was reversed in our exports to the countries of the so-called [ruble] Payments Area 1.

The traditional range of our pharmaceutical exports such as had evolved over the years has proved to be a major

obstacle to their geographical reorientation. Hence, following the conversion of Polish-Soviet trade early in 1991 to payments in convertible currencies, both Polfa and Ciech remained dependent on exports to the former USSR which largely account for the overall volume of our pharmaceutical exports and approximately 40 percent of the domestic output of pharmaceuticals.

On the basis of the so-called indicative list agreed upon at the end of 1990, Ciech and the Soviet Medeksport engaged in negotiations which culminated in the signing of a \$340 million contract for pharmaceutical exports in 1991. Already in the first few months of 1991, however, the Soviet side began to have considerable payments difficulties which resulted in temporary curtailments of shipments and created a real danger that the contract might not be fulfilled.

Thus, ways whereby the former USSR could finance imports of Polish pharmaceuticals began to be explored, and a solution was arrived at in the form of bartering them for a part of the imports of Soviet crude petroleum to Poland. Thereupon, on 21 September 1991, a letter of intent on mutual deliveries was signed at the intergovernmental level between the Polish Republic and the former USSR. The letter specified pharmaceuticals as the most valuable part of our exports and natural gas as part of our imports. This agreement made it possible to fulfill more than \$280 million of our pharmaceutical shipments under the above-mentioned contract. This was undoubtedly a major accomplishment, considering the weakening of the payments capability of the other East European markets.

But while the dollar value of the imports of crude petroleum bartered for the pharmaceuticals could be computed and Polish producers were paid for the exported pharmaceuticals, the issue of clearing the transactions performed under the letter of intent is yet to be resolved by the competent ministries and banks of both countries. In contacts with the Eastern market there arose moreover new problems, especially the collapse of the USSR and the rise of new political and economic structures in its stead.

In the opinion of the Director of Ciech-Polfa Konstanty Dylewicz, a factor greatly complicating export operations is the organizationally fluid situation on the market of that partner.

Despite the economic independence of the states formed on the territory of the former USSR, they lack sufficient foreign exchange for eventual imports of pharmaceuticals, and at the same time their demand for these products is high.

Still, Ciech-Polfa expects to hold on to the former Soviet market, as otherwise Polish pharmaceutical plants would have to cut back their productive capacity. Therefore, in addition to Ciech's trade offices in Moscow, it is establishing new trade offices in Kiev, Minsk, and St. Petersburg and planning to establish others elsewhere. Contacts with new companies are being established,

possibilities for barter deals are being explored, and efforts to ensure Polfa's participation in the international drive to help the population of the former Soviet Union are continuing.

It is as yet premature to predict the consequences of these efforts. In consideration of the new operating conditions on that market, Ciech is undertaking a broad canvassing drive addressed to potential direct customers and experimenting with new forms of sales, for example, through the mediation of consignment stores and local companies specializing in the identification of customers who have foreign exchange for buying drugs.

Despite everything, there is much that indicates that holding on to that market will be increasingly difficult, also in view of the growing competition from Western pharmaceutical companies.

#### **Westinghouse Joint Venture With 7 Power Plants**

*92EP0303B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 6 Mar 92 p IV*

[Article by Zbigniew Zwierzchowski: "A New Polish-American Company: Seven Power Plants and Westinghouse"]

[Text] Polish partners—seven power plants—must modernize their plants. The Americans—Westinghouse Electric Corporation—have 105 years of experience, the newest technologies, and the potential to ensure sources of financing.

On 5 March in Warsaw, the representatives of these firms signed a document to establish a joint venture company, Modelpol. With seed capital of approximately \$1 million at its disposal, Modelpol will coordinate activities aimed at increasing the efficiency and power output of Polish power plants and at their fulfillment of ecological requirements.

The creation of the company finalizes the stage of endeavors begun in December 1989. At that time specialists from one of two of the largest American power firms (the other is General Electric) visited Poland to assess operational potential. They proposed the development of a modernization program, economic accounting, and a program for implementing efforts. The modernization program was prepared last year with the participation of Polish experts; it is to be implemented between 1992 and 2002. Work on a so-called feasibility study for 45 power blocs, each with a capacity of 200 MW, was funded by the American Trade and Development Program (\$2 million) and partly by Westinghouse (\$1 million). At the same time, at the request of the seven Polish power plants, measures were begun to create the company. The plants included in this company are: Dolna Odra, Ostroleka, Kozienice, Polanec, Rybnik, Laziska, and Jaworzno III.

As Andrzej Dobrek, director of Dolna Odra, told RZECZPOSPOLITA, "The power plants forming the company



manage one-third of the power installed in Poland. These plants do not meet world standards in terms of the efficiency of power production and noxiousness to the environment. Thanks to the technology of the renowned American firm, cooperation with it should make possible the modernization of turbines, the automation of processes, and the assimilation of efficient management methods."

The document establishing the company was signed in the presence of Edward Nowak, undersecretary of state in the Ministry of Industry and Trade [MPiH], and U.S. Ambassador to Poland Thomas Simons. E. Nowak expressed satisfaction at the fact that this is an initiative of enterprises and that "economic units and not the governments that are merely supposed to assist them are finally beginning to create the economy."

The first meeting of the partners also took place on 5 March.

### Plans To Upgrade Polish Railways Discussed

92EP0332B Warsaw RYNKI ZAGRANICZNE in Polish No 28, 5 Mar 92 p 6

[Article by Stefan Sokulski: "Polish State Railroads Rolling Into Europe"]

[Text] The inclusion of Poland in the European railroad and combined transportation (train-automobile) network is essential at this time—essential because all of Europe is relying on rapid rail transportation and the cofunctioning of many transport means.

The opinion of many professionals that the strategy of the Polish State Railroads (PKP) should be linked to a basic change in the concept of enterprise-management, should be agreed with. What is important is that the customer be considered, and not just the product or the sale. For some time already a marketing department has been functioning in PKP, but it is only at the learning and experience-gathering stage. It seems that everything should be done so that this department can begin to work quickly and efficiently on, among other things, the right hauling offer and the sequence of the modernization and development undertakings.

The main features of these actions are already known. In passenger traffic, the main emphasis will be on the development of connections and trains of the Euro-City, Inter-City, Inter-Regio and Aglo-Regio standard. The startup and expansion of these haulage systems will occur successively, as funds for this purpose are obtained.

In commodity haulage it is expected that PKP will be included in the European combined-transportation subsystems and that it will adapt itself to the existing schedules of such freight trains as TEEM (Trans Euro Express Merchandises), TEC (Trans Euro Container), TEF (Trans Euro Freight), and SC (Schnellguterzuge).

As PKP is being brought into the European system, certain ventures are already underway. A system of seat reservations and ticket sales (Kurs [Rate] '90) is being established in stages. With the help of World Bank credits, a computer system for directing haulages is being set up to facilitate integration with the European Hermes and Docimel systems. Modernization of the railroad communications network will begin. Talks are being conducted on the matter of licenses for wagon trucks and procurement of passenger cars adapted to a speed of 200 km/hr, and Talgo trains which could run to the CIS countries without technical stops on the border.

At the same time, preparations are underway to upgrade the East-West line running from Moscow to Berlin through Terespol, Warsaw and Kunowice; it is expected that it will be adapted to a speed of 160 km/hr. Byelarus expressed an interest in this undertaking.

Forecasts to the year 2000 say that there is no need to expand the railroad's hauling capacity, particularly for commodity traffic. However, modernization and better utilization of existing routes and improvement in the quality of the hauling services, safety, and punctuality and speed of deliveries, are indispensable. Application of up-to-date hauling technologies and improvement of traveler services are also essential. But the pace of modernization-expansion work is dependent on finances, which unfortunately in the next few years will be greatly limited. Of necessity, therefore, we must concentrate on investments which bring economic results quickly and are profitable from every standpoint.

An examination of international haulages, conducted in connection with political and economic changes in Europe, indicated that it was necessary to supplement existing transit routes by many new sections.

The Zgorzelec-Wroclaw-Warsaw-Kuznica-Bialystok route, which is part of the international line Rome-Vienna-Warsaw-Vilnius-St.Petersburg, must be supplemented by Idzikowice-Piotrkow and Belchatow-Wielun sections. The upgraded route will also improve transportation between Warsaw and Wroclaw and in the future will make it possible for the Polish railroads to become part of the European fast-connection network on the Frankfurt am Main-Warsaw-Moscow line.

On the Krakow-Muszyna line, which is part of the route running from Scandinavia in the direction of northern Europe, a Krakow-Piekietko sections must be built.

In the opinion of the professionals in the PKP management, first priority should be given to adapting the E-20 line from Kunowice through Poznan and Warsaw to Terespol, to international requirements by 1996. It is believed that this venture is the most profitable and that the time of outlay return will not exceed 15-17 years, and may be even eight to 10 years. There is also a chance that the World Bank will help, as part of implementation of the "infrastructure for export" plan.

Modernization of the E-59 (Swinoujscie-Szczecin-Zielona Gora-Wroclaw-Chalupki) and E-65 (Gdynia-Gdansk-Warsaw-Katowice-Zebrzydowice) lines and adapting them to a speed of 200-250 km/hr is being planned.

Preparations and economic studies are also underway for the construction of a high-speed line of the French TGV class. This would include PKP in the international passenger traffic hauling travelers at a speed of 300 km/hr. This construction will be tied in with the investment activities of German and Russian railroads, which must build a connection from the Polish border to Moscow. Upgrading of this route will make it possible to run high-speed trains from Madrid, Paris, and Rome to Moscow.

Improvement in the quality of international haulages depends on modernization of border crossings and construction of transloading terminals, mainly for combined haulages. Eleven border crossings will be upgraded, with priority given to expansion of border stations in Kunowice, Kuznica Bialostocka, Przemysl, Zurawica-Medika, and Malaszewicze-Terespol.

Modern terminals will be built in Malaszewicze, Poznan, and Warsaw (for combined haulages), in Gliwice-Sosnica (container terminal), and in Konin (transloading terminal). In the following years container terminals will be built in Bydgoszcz, Debica, Lublin, and Bialystok. Real stoppage stations will be built in Warsaw (two), Krakow, Poznan, Gdynia, Lodz, Szczecin, Lublin, and Wroclaw.

For all planned investments, studies of economic profitability will be made, according to World Bank recommendations. This is indispensable for the obtaining of credit from international financial organizations.

It is hard to predict today to what extent and by what date all of the plans will be implemented. But this is the only way to meet international hauling standards, increase transit through Poland, and develop an offensive PKP strategy on the domestic market.

### **Cost, Troubles in Rural Schooling Examined**

92EP0326A Warsaw GLOB 24 in Polish 17 Mar 92 p 4

[Article by Grazyna Zurawska: "The Alternative Is To Graze Cows"]

[Text] In Poland there are some 2,500 so-called little red schoolhouses at which enrollment does not exceed 25 to 28 pupils. The outlays on the government per pupil in a large elementary school at present average about 350,000 zlotys; in a little red schoolhouse they are thrice as high.

The Ministry of Education has, "under the pressure of the prime minister and his financial experts," according to Deputy Minister Tadeusz Pilch, drafted a proposal for shutting down these excessively costly schools. Unfortunately, this means chiefly rural schools.

In the opinion of Tadeusz Pilch, "This means a return, except that it is under a new name, to the notorious 1972 concept of collective schools." At that time some 3,000 small rural schools had been shut down. "That was cultural murder, committed under the majesty of law." The rural population was deprived of an important cultural and integrating factor.

To avoid repeating this mistake, a proposal has been developed for sharing the expenses of the upkeep of little red schoolhouses. The Ministry of Education would, under this proposal, pay the salaries of the teachers, while the operating expenses, the cost of housing for teachers, etc., would be funded by local governments—if they desire these schools to survive. Supporters of this concept argue that the local governments will somehow get budget subsidies, but this approach sounds tricky as it is going nevertheless to impose on the already thin wallets of the rural population. Let alone the fact that it is inconsonant with the constitutional guarantee of free education.

Of the 22,000 educational institutions in this country 16,000 are located in the countryside. At the Ministry of National Education there is not even a single official in charge of rural education. No separate records are kept about the number of rural teachers, the number of commuting teachers, their housing conditions, etc. There used to be a Department of Rural Education and Enlightenment, but no longer. Deputy Minister Pilch is making feverish attempts to get others interested in the issues relating to rural schools, because after all they need to be articulated and deserve special concern instead of being drowned in the entire sea of educational problems.

Contrary to appearances, education in the countryside is not a trivial matter, and neither does it concern the rural population alone, as it is a national problem. Forty percent of all children in Poland are attending precisely rural schools. It is there that the principal mechanism of selection for further social advancement takes place.

The expenses of a rural family on the secondary education of its child are twice as high as those of a corresponding urban family. This is an obstacle which keeps nearly all rural youth from attending higher educational institutions. Even now some 20 percent of places at boarding schools remain vacant. Young people prefer commuting as a less expensive way of getting an education. The shortage of funds aggravates still further the problems encountered by rural youth.

Statistics shows that of the total number of university students only 1.5 percent are of rural origin—that is only one-fourth as many as before [World War II]. Studies show that gifted children account for at least 10 percent of all school enrollment each year. If we compare this figure with the 1.5 percent university enrollment of rural origin, we can see that we are being criminally negligent about national welfare by wasting its most valuable

asset—gifted young people. A country which allows itself to waste such human capital is harming itself and treading the road to disaster.

Investing in education is the most effective form of spending money. The higher the level of that education, the more rapidly its expenses are recouped. The relatively low outlays on training a skilled worker, e.g., a welder, take 12 years to recoup, whereas the several-fold higher outlays on, e.g., training an electronic engineer or a biologist are recouped as soon as within three years.

### **POLITYKA Weekly News Roundup: 8-14 Mar**

92EP0311A Warsaw *POLITYKA* in Polish No 11, 14 Mar 92 p 2

[Excerpts]

#### **National News**

[passage omitted] The Sejm has named Hanna Gronkiewicz-Waltz president of the National Bank of Poland. The Sejm rejected her candidacy in December when the president first nominated her. During the recent voting, Lech Walesa was present in the Sejm chamber, and earlier he supported his candidate very actively. "If the Sejm does not accept the candidacy of Hanna Gronkiewicz-Waltz, we will show who did it and how it was done. We have enough evidence. They will pay dearly for it." The day before at a meeting with journalists, he said that the new president of the National Bank of Poland "will find material on the 'Telegraph' and on other affairs. Some are afraid of that. They think that they will wait out the elections and they will win." In the voting, 222 deputies supported the candidate; 96 were opposed (Democratic Union [UD]), Liberal-Democratic Congress (KL-D), a majority of the Alliance of the Democratic Left (SLD), both of the Kaczynski brothers, and J. Eysymontt), 35 deputies abstained. Asked whether the prospect of cooperating with Minister Eysymontt arouses any concerns, H. Gronkiewicz-Waltz said: "That question should be addressed to the minister. The position of the bank is stronger."

The Olsztyn Voivodship Court has given the death sentence to Eugeniusz M. (age 43) who murdered a family of four on 9 January 1991. The sentence is not final. For the last four years in Poland, death sentences have been handed down, but not carried out. The last sentence was executed in 1988 (in 1987, 7 were executed; in 1986, 13; in 1985, 17). If the Olsztyn sentence does become final, the convicted has the right to appeal to the president for clemency. A. Drzycimski, presidential spokesman, asked by GAZETA WYBORCZA about Lech Walesa's position on the death sentence answered: "The president is opposed."

In the opinion of the Sejm Commission for Constitutional Responsibility, the circle of those responsible for the alcohol affairs should be enlarged to include A. Wroblewski, D. Jastrzebski, and I. Sekula (ministers in the government of M.F. Rakowski) and M. Swiecicki, A.

Mackiewicz, and A. Kosiniak-Kamysz (ministers in the government of T. Mazowiecki). Those on the previous list to be placed before the Tribunal of State included L. Balcerowicz, Czeslaw Kiszczak and K. Kozlowski (former ministers of internal affairs), and J. Cwiek, (the former president of the Main Customs Office). [passage omitted]

Minister Wojciech Wlodarczyk, head of the Office of the Council of Ministers, announced a reform of the central administration beginning in the fall. The Office of the Council of Ministers will be replaced by a Cabinet and Chancellery of the Prime Minister and a Ministry of Public Administration formed from the old Office of the Council of Ministers and the Ministry of Internal Affairs (which would retain the police, while the Office of State Protection would be under the Chancellery of the Prime Minister). Meanwhile, the prime minister is already reforming the Office of the Council of Ministers; 90 individuals have been released since Jan Olszewski took over the government; some offices have been liquidated, etc.; 34 individuals have been hired.

In conjunction with the announcement of the reform, RZECZPOSPOLITA reported that on 27 February 1992 in the Office of the Council of Ministers there was one person who has been working since the 1940's, four since the 1950's, 10 since the 1960's, 48 since the 1970's, and 210 since the 1980's (through August 1989). 43.75 percent of the employees were hired prior to September 1989; 21.3 percent under the government of T. Mazowiecki; 29.3 under J.K. Bielecki; 5.65 percent after the formation of the government of J. Olszewski. The average salary at the Office of the Council of Ministers is 2,357,861 zlotys (Z). The head of the prime minister's advisers has the highest salary, Z5 million.

Romuald Szeremietiew, deputy minister of national defense, proposed in the Sejm that 3 May also be Army Day; in the commission before which he appeared, his proposal received one vote; four deputies from the Alliance of the Democratic Left (SLD) supported 15 July (the battle at Grunwald); and a majority (15 deputies) supported 15 August, the anniversary of the Battle of Warsaw in 1920. In sociological studies at the beginning of 1990, only 5 percent of the personnel of the Polish Army supported this date as Army Day; at the end of 1990, 20 percent of the professional soldiers declared their acceptance for that date. It was reported that changing the emblems, flags, eagles, and buttons in the army following the proposed law on the symbols of the armed forces would cost about Z20 billion today.

The Lenin Monument in Nowa Huta was sold to the Historical Museum in Stockholm for 100,000 Swedish Korons. GAZETA WYBORCZA notes that the statue, done by Marian Konieczny, was sold for less than the price of the scrap metal; the value of the used metal from a casting is Z750 million, nearly 3.5 times what the Swedes paid. [passage omitted]

Minister Anna Popowicz, the government plenipotentiary for women's and family issues, has been removed. M.W. Wlodarczyk declared that it was for substantive reasons and was caused by the faulty youth policy of Minister Popowicz. A week earlier, a spokesman of the Christian National Union (ZChN) said that the minister "is not using all of the opportunities of her term in office at least to promote a profamily and probirth policy." Lech Walesa asked about the issue, responded: "I did not fire her, I have nothing to do with it. I believe in women and am betting on them. For now I have difficulties, perhaps because I am not handsome."

#### Who's News

Robert Terentiew (age 49), a journalist and deputy editor in chief of TYGODNIK SOLIDARNOSC, has been named head of the Television Informational Agency. Father Prof. Manfred Uglorz is the new president of the Synod of the Evangelical Church, Augsburg Confession, in Poland.

#### Opinions

##### Father Prof. Jozef Tischner:

(Interviewed by Henryk Nicpon, NOWINY 5 March 1992)

[Nicpon] The church lived and functioned in a communist state. In that case, doesn't the church also need decommunization?

[Tischner] Above all.

##### Anna Walentynowicz:

(From an uncertified comment during a meeting with the resident of Kozuchow, GAZETA LUBUSKA 4 March 1992)

"I do not represent any group in Solidarity. Solidarity has compromised itself. That is why I no longer belong to it; I also do not belong to any party. I have returned to the roots, to the free trade unions. Today, it is not easy to arouse the nation to battle. However, as we ourselves see, revolution is the only way. Nothing can be accomplished with prayer, because the people in power have no conscience. If they had one this would not have happened. We need a revolution like the one of August 1980. We can do it."

##### Krzysztof Daukszewicz, satirist:

(Interviewed by Roman St. Zielinski, EXPRESS POZNANSKI 3 March 1992)

[Zielinski] Who "took care" of "Express Dimanche"?

[Daukszewicz] Eight minutes were removed from the program that was to be broadcast on Sunday (the whole program lasts 15 minutes). Among them were my comments, and Tadeusz Ross's and Korwin-Mikke's comments. In conjunction with this, the program was completely withheld, including the wholly new segment prepared this week. The suspension was done probably at the order of the central committee of our new parties. It is known that it is the work of Domanski and Zaorski above all. It is an open secret that at present Mieczyslaw Wachowski is running television. If one puts the power in this way, we would come to who made the decision. I think the kind of humor, without sentiment for the new government, without vaseline for the president, did not please them; that is the basic reason the comrades reacted in this way.

[passage omitted]

##### Ryszard Kapuscinski, writer and reporter:

(Interviewed by Karol Krus and Andrzej Staniszewski, GAZETA OLSZTYNSKA 1 March 1992)

[GAZETA OLSZTYNSKA] You are not disappointed with the situation in Poland in Anno Domini 1992?

[Kapuscinski] I am not because I did not expect anything else. We have caused a revolution on whose far-reaching positive effects one must wait for many years. After the revolution, France existed as a reasonably developed country only 100 years later. It is naive to think that one can take shortcuts through history.

##### Lech Walesa, on the personnel changes at the Ministry of National Defense:

(From comments during a visit to the editorial offices of GLOB 24 on 4 March 1992)

"I did not assume that this prime minister and that minister will make decisions that escape the president. I was counting on every larger step being consulted. I could, as some have proposed, slam my fist on the table and say enough of these games. But this government is weak. If it fell, everything would fall on me. In the name of a great thing, I must suffer through this somehow."



**International Financial Dealings of SRI Cited**

92BA0758A Bucharest ROMANIA LIBERA  
in Romanian 28-29 Mar 92 pp 1, 3

[Article by Petre Mihai Bacanu: "Intelligence Service and World Finances"]

[Text] Romania's paradox is that of a rich country, but one without money. And what it still had after the revolution, amounting to several billion dollars, was used by its inept government for electoral purposes. That feeble statement "We are not selling our country" appeared, but neither was there any onrush of buyers, as Romania is getting even poorer and coming out of winter completely exhausted, spoiling the idea of a market economy. Efforts are being made to attract foreign capital, but without results. There are persons throughout the world who are trying to mobilize credits in a common hat. Even if the proposals do not come in the usual way, through embassies or administrative institutions, ultimately they have to use such institutions. And so a businessman appeared, a dealer in fur coats named Iosif Slyomovics with offices in New York, Paris, and Canada, who sent a biographical profile of his that was published in Who's Who (in the 1965 edition, although the well-known register puts out an annual edition) and offered Romania \$10 billion (you read it correctly, it is billions, not millions). It is interesting that the said offer came to the Ministry of Foreign Affairs via the SRI [Romanian Intelligence Service]. We have here the staunch defenders of Romania's interests involved in business as in the time of Ceausescu. Director Maria Ciciu sent the minister of finance a communication. (It was customary to send communications on the same level, but so be it. Why should we harp on something like that when \$10 billion are at stake?) Essentially, although the minister of economy and finance was not in the country (it seems that the communication went to a deputy), he was informed that through the Romanian Embassy in Berne they had received "the proposal of Mr. Iosif Slyomovics who, as representative of a group of Japanese companies, has offered to grant Romania a loan of \$10 billion." Meanwhile, Under Secretary of State Paul Corman at the MEF [Ministry of Economy and Finance] asked Director Vulpescu to reply to the effect that Romania is interested in contracting for credits but, cautiously, to request a visit by Mr. Slyomovics in order to provide additional information.

Hold on, dear readers: We succeeded in intercepting a communication, also from Berne, to whom do you think? To Dr. Virgil Magareanu, who is neither the minister of finance nor the governor of the central bank [Banca Nationala]. The fax of it is on a piece of paper bearing the letterhead of an export-import firm, Aachen Gastro-Einrichtungen, that could have nothing to do with the matter. But Mr. Magareanu's agent's letter is interesting because here it is, involving the SRI in matters of finance, so that you wonder whether somehow a new "Dunarea" has appeared. Someone at the SRI wrote this note on the fax: "We talked with Mr. Iordache

(Berne). He will inform us." Guess who Mr. Iordache's boss is.... Here is the SRI, negotiating such matters in the name of the government. The regular channel would have been a telegram to the Ministry of Economy and Finance or to Banca Nationala with official proposals and details of the program.

Accordingly, we reproduce the report to Mr. Magareanu in full:

To the attention of Dr. Virgil Magareanu: I am reporting to you the following results of the discussions between me and Messrs. Hartmann and Althoff: On behalf of an American foundation with which Mr. Hartmann negotiated in America last week, one or two persons supervised by Mr. Slyomovics, the president of the foundation, are to travel to Switzerland (Basel) in order to establish a credit (a loan to Romania) in the amount of 2 billion American dollars, on terms that are absolutely much more favorable than those of the World Bank. The credit will be granted for a period of 20 years at 1.5 percent interest. After the expiration of the 20 years the sum of \$2 billion will no longer be repaid. Mr. Hartmann and the American delegation will be in Basel, Switzerland, at the Hilton Hotel beginning 29 February 1992 and will remain in Basel until 3 March 1992. The negotiations require that one or two authorized persons come on behalf of the Romanian Government, having perfect knowledge of English if possible. Mr. Hartmann and Mr. Althoff recommend Mr. Pascariu for the negotiations. I also notify you that representatives of Bulgaria, Hungary, and Czechoslovakia will also be present in Switzerland... (an illegible line follows—our note) will take part in the negotiations.

With all esteem and respect, Mihai Crainiceanu

P.S. Messrs. Hartmann and Althoff have been negotiating with this foundation for about two months in order to grant this loan. Please consider it all strictly confidential. Hilton Hotel, Basel, telephone no. 0041-61-27166 22, Mr. Hartmann.

It is clear that Mihai Crainiceanu, the SRI man, held discussions with his partners Slyomovics, Hartmann, and Althoff in order to establish the loan of \$2 billion on behalf of the Slyomovics Foundation. Remember the terms are better than those of the World Bank, at only 1.5 percent interest. Realize what power the SRI has when even the man for the negotiations, Mr. Pascariu, is indicated. In other situations, the Securitate would have flinched as if it were burned if it found that Messrs. Hartmann and Althoff preferred Mr. Pascariu and would have asked him to say where he knew those two. Now, those two may have heard about Mr. Pascariu's competence in banking circles.

Why did Mihai Crainiceanu cryptically ask Virgil Magareanu to consider it all strictly confidential? And how did it happen that Mr. Iosif Slyomovics in his communication of 29 February 1992 requested the formation of a company for such a large credit, when such a sum is managed everywhere by banks? The fact that



Mr. Slyomovics claims that he is on the board of directors of the company (only persons of consequence) is not as disturbing as the fact that nothing is said about what is to be the objective of the activity of the said company that is to receive billions of dollars via the SRI.

We believe you have noted that the SRI agent Mihai Crainiceanu mentions the sum of only \$2 billion. The question arises, why is \$10 billion mentioned at one point and only \$2 billion at another, at token interest. It is well known that such credits, even for \$2 billion, are granted only by international financial corporations and are usually coordinated by governments. Therefore, the real amount is \$2 billion, because as a rule they are granted up to that limit. Accordingly it is customary to start negotiations with a large sum in order to come to... \$2 billion! Even so, it requires a major effort to obtain credit of that size, so that you must wonder who has such funds available? The large sum proves that an extensive financial force is behind it.

The Ministry of Economy and Finance's caution concerning the terms of credit is understandable, and it accordingly requested explanations as to the formation and functions of the proposed company, and especially the names of the firms that will grant the credits, and the banks through which the operations will be performed.

How powerful is the SRI when it ventures to take part in credit agreements for such large sums? Why should such a credit be confidential? The strange fact that a proposal was made to form a company causes confusion. Why give Romania money through the SRI?

### Cancer Rates, Causes, Treatment Discussed

92WE0392A Bucharest MAGAZIN in Romanian  
21 Mar 92 p 13

[Interview with Dr. Ion Pana, director of the Oncology Institute Bucharest, by Ecaterina Batrineanu; place and date not given: "Cancer in Romania"]

[Text] Cancer, a disease that is on the increase, now "hits" primarily the middle-aged. Some 80 percent of the cases are due to toxic substances in the environment. In Romania, women are more exposed to the disease. Smoking prevention would reduce the incidence of cancer by 15-16 percent. Screening actions to detect breast and uterine cancer could reduce cancer mortality by 35-40 percent.

In developed countries, one out of three cancer patients is cured, thanks to cancer prevention measures and to the use of complex, high-technology treatments. In our country, only one out of five patients is cured. In other words, the chances for a cure in our country are only one-half of those in developed countries. However, this gap could be narrowed if concrete efforts were made for the National Cancer Control Program to become more than a simple intention. Dr. Ion Pana, director of the Oncology Institute Bucharest, generously provided some details of the program.

[Pana] Cancer as a biological phenomenon does not cease spontaneously. It is a degenerative disease with an insidious beginning and a slow evolution. It attacks all ages and causes long and great suffering. It is the second cause of death, after cardiovascular disease, and demonstrates a tendency to grow. It is estimated that the number of new cases is 1.5 times higher than the number of deaths, and the number of known patients is 4.5 to five times higher than that of new cases.

[Batrineanu] Does current scientific data provide any new information regarding the causes of cancer?

[Pana] It is calculated that approximately 80 percent of the cancer cases, particularly in developed countries, are directly or indirectly due to toxic substances demonstrated to be carcinogenic, which pollute the water, air, ground, and food. Some work places are equally implicated.

[Batrineanu] Professor, what factors do you believe reduce the recovery chances of patients?

[Pana] Some studies show that cancer patients visit a doctor after some delay, at advanced and most often incurable stages of the illness. This phenomenon is due to patient negligence in one-third of the cases, to the slow progress of the disease in another third, and to diagnosis errors for the last third. Not to be overlooked is the fact that a significant number of patients do not have access to modern treatment methods, as a result of greater demand, protracted treatment, an insufficient number of beds, and inefficient equipment. Inadequate coordination of cancer-fighting medical activities within counties and a failure to define health units that can play a role in this action, leads to excessive patient migration, to superficially formulated diagnoses, and to the use of treatments that are either overdue, inadequate, and that often exacerbate the illness and lead to mutilations. More than 80 percent of the patients die at home, and in approximately 15 percent of the cases the diagnosis is made after death. Countries with well-developed medical networks and equipped with the means to fight cancer succeed in curing one out of three cases, or at least in curbing the progress of the disease through surgical, chemical, or radiation therapy methods.

[Batrineanu] What is the trend for cancer in Romania?

[Pana] The incidence as well as the structure of cancer mortality is similar to that of developed countries, but with some hierarchy differences in localization. An analysis of incidence by localization for both sexes shows that the leading types of cancer are: lung, breast, stomach, cervical, malignant skin tumors, liver, intestinal, bladder, pancreas, and prostate. An average of 41,000 cases of illness are recorded in Romania per year, with 32,000 deaths, and more than 150,000 living patients reported by health units. One out of seven deaths is caused by cancer. Deaths due to tumors represent about 12.6 percent of all deaths. At the end of 1989, more than 158,000 patients were registered with oncology clinics, with significant differences among sexes

and as a function of living conditions. Women experience a higher proportion of cancers. For both sexes, the indicators are higher in urban areas than in rural ones. In terms of localization, it is important to point out a strong increase in mammary gland cancer for women, and lung cancer for both sexes, as well as a predominance of cancer cases in middle-age groups, a veritable scourge that will probably overshadow the end of the century.

[Batrineanu] What would be the reason for this alarming progress?

[Pana] The reasons are many, but in addition to those already mentioned, I think it is important to stress the lack of personnel and specialized units, the lack of radiation therapy equipment, the lack of cytostatic agents, the lack of biologists who could organize cytology departments, and so on.

[Batrineanu] And what are some solutions?

[Pana] The implementation of the program we discussed would provide more optimistic prospects in this field. First of all, it would mean the allocation of approximately 700 million lei needed to pursue the planned investment objectives. Second, measures need to be

taken for cancer prevention, to improve patient diagnosis and treatment, and to train specialized personnel. Nor can we minimize the importance of health education or the development of medical scientific research in oncology. In fact, the program seeks to orient the national health policy along several major paths, aiming to promote a healthy lifestyle, to prevent and reduce exposure to carcinogenic factors, and to assure a health protection system suitable for modern resources. The inclusion of the Cancer Control Program in the national health policy is particularly important, since about 80 percent of the cancer cases are directly or indirectly related to toxic products and substances which are proven to be positively carcinogenic and which pollute the environment. In this respect, it is estimated that by the year 2000, measures to encourage dietary changes can reduce cancer mortality by about 8 percent and smoking prevention by 15-16 percent. Similarly, efficient screening actions to detect breast and uterine cancer, and the application of correct multidisciplinary treatments can reduce cancer mortality by 35-40 percent in the coming years. Enough scientific knowledge and experience has been accumulated until now to offer the possibility of effective control of the present trends in cancer evolution.

**VMRO-DP Leader Golubovski Interviewed**  
*92BA0713A Skopje NOVA MAKEDONIJA*  
*in Macedonian 17 Mar 92 p 4*

[Interview with Vladimir Golubovski, chairman of the Internal Macedonian Revolutionary Organization-Democratic Party, by Aleksandar Sholjakovski; place and date not given: "Manipulations With National Emotions Are Unacceptable"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] I support the policy of the president of the Republic on the future status of Macedonia, but I believe he bears a certain responsibility for the unnatural method used by the government to stay in power.

Vladimir Golubovski, a representative in the Macedonian parliament and chairman of the VMRO-DP [Internal Macedonian Revolutionary Organization-Democratic Party], has repeatedly drawn the attention of the public with his statements. Once considered controversial because of his statements, Golubovski managed to keep alive an interest in himself and his political orientation.

In the search for ways related to his political orientation and the position of his party, one can clearly see of late an emphasis on a strictly national orientation toward parties that practice democracy.

[Sholjakovski] Mr. Golubovski, your party is also shaping its image by insisting on being considered the real representative of the Macedonian population in the western part of the Republic. However, it is obvious that matters in that area are by no means clear. New parties are being organized—one Albanian and another Macedonian.

[Golubovski] The problem of the western area of Macedonia will be a test for a long time of the political maturity of the parties and of private individuals, and it is in connection with this question that the demagogic actions of those who claim to support the national interests of Macedonia will be exposed. To provide a more complete answer to this question, that situation must be linked to the functioning of a law-governed state, and the related problems must be resolved by the Macedonian government. As we know, despite numerous requests from many sides, the government did not question the registration of the PDP [Party for Democratic Prosperity] and the NDP [National Democratic Party], which it had the constitutional right to do. For that reason, the founding of yet another Albanian party is the height of irresponsibility and treason on the part of all of the institutions and subjects that made this possible. The founding of another Albanian party will not break the homogeneous nature of activities of the PDP and the NDP. I think this also is not believed by those who publicly support such a concept. I cite as one of the reasons the inability of those who are in charge of

Macedonian policy to feel themselves part of the single Macedonian entity and rise above specific regional and personal egotism.

[Sholjakovski] There are those who think the initiative for the new Macedonian party came from several noted personalities in the region.

[Golubovski] We are paying particularly close attention to information concerning the Macedonian Party in connection with the announcement that it will be founded by the elite of citizens of the western part of Macedonia, especially directors and other public personalities who must "truly" represent political interests and protect Macedonians. This comes as no surprise to us, and we assume that, in a situation of possible regular or special elections, a coalition or a party would like to neutralize our present high rating in that part of Macedonia by creating a satellite movement or party. The success of such a plan also depends on the idea of once again misleading the Macedonians living in the western part of Macedonia.

[Sholjakovski] Attacks on the main personalities in the government have become more frequent. Resignations are being demanded. What do you think about that?

[Golubovski] I support the policy of the president of the Republic on the future status of the Republic of Macedonia as a sovereign and independent state that will not enter into political and territorial associations with others. This country will base its relations with other countries on economic interests, which also means the possibility of participating in strictly economic types of associations similar to the European Community. Unlike the high degree of agreement concerning the future status of the Republic of Macedonia, there are differences in the area of domestic policy. I believe the president bears some responsibility for the unsuitable nature of the government. We have different views concerning the policy pursued toward the Albanian minority and its excessive influence over the power institutions. However, considering the existing situation in which Macedonia finds itself, the fact that we have our first pluralistic experience and an initial experience in having our own sovereign and independent state, the necessary amount of tolerance is historically justified. Nonetheless, we must clearly distinguish between tolerance and an eventual weakness of the Macedonian state in reestablishing defense mechanisms for the protection of the democratic processes. That is what makes so great the responsibility of the president of the Republic in filling the vacuum of power in the fragile Macedonian state. I assess as not serious the demand of the DPMNE [Democratic Party for Macedonian National Unity] for the resignation of the president of the Republic.

[Sholjakovski] Your party, as well, has frequently attacked the power institutions and their personalities and functions.

[Golubovski] For this entire period, we have, on the one hand, the government's claim that it is a nonparty

government of experts and the charges of the left-wing coalition that the government is much more dominated by the VMRO [Internal Macedonian Revolutionary Organization] than by MAAK [Committee for All-Macedonian Action]. Without trying to determine which side is right, it is a fact that, instead of constructive cooperation, which is required in accordance with the statutory positions of the Assembly and the government, we note intolerance among the leaders of those institutions and the practice of constantly replacing one another.

[Sholjakovski] Are such problems caused by the system or by the personalities involved?

[Golubovski] The left-wing coalition lacks initiative. Its new role lacks legitimacy. It looks as though it is facing a real problem, a problem that, during the elections, it accused the other side of having, which is a lack of competence. On the other hand, there is total dilettantism displayed by those who, appealing to the emotions of the people, were given an opportunity they have been unable to use.

Efforts are being made to combine the influence of an undefined political environment with a personal factor. This is clearly manifested as the crisis of the political parties and of political cadres. The consequence is the lack of programs and initiatives that will pull us out of the crisis. This is countered by the claim that the government is nonpartisan and consists of experts.

[Sholjakovski] The VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] has been accused of having a pro-Bulgarian orientation. On one occasion you personally said this. As a former deputy chairman of that party, have you acquired a better understanding in support of this fact?

[Golubovski] In my statement concerning my forced resignation as deputy chairman of the DPMNE in Veles, I openly pointed out the existence of such a threat within the party, as well as justifiable bouts concerning the misuse of financial contributions by the diaspora. This was recently confirmed by several township DPMNE organizations.

Bearing in mind that the party is on the threshold of direct participation in the first free elections and that it was fiercely opposed, for other political reasons as well, as the restorer and head of the VMRO-DPMNE, I believed we would get rid of all these forces after the elections. It was in that sense that I initiated the holding of the first party congress. Actually, by making personnel changes in the leadership, my intention was to reassure the public, which had also noted the pro-Bulgarian orientation of some individual leaders.

At that time, due to ignorance of the real relations that existed within the party following the Veles incident, this was interpreted by some as being my "error" and a desire to rise faster to the Presidency. People knowledgeable

about party work knew precisely who the real chairman was and the reasons the DPMNE's request for that function to be transferred to someone else were honored. At the same time and for the same reasons, the two parties merged into a single party. The VMRO (DP) merged with Bogdanovski's DPMNE, becoming the VMRO-DPMNE.

[Sholjakovski] We also see an "ethnic" confrontation among Macedonians. What is the origin of the differences?

[Golubovski] I believe that Macedonian political parties can be classified on one basis only: parties that participate in the government and parties that are members of the opposition. I find it historically unacceptable for some Macedonians, on the basis of some questionable criteria, to rally within a so-called national front or similar fabrications of already familiar manipulators of national feelings in opposition to other Macedonians for the sole reason that the latter are members of parties that have different political programs.

The motivations guiding professional nationalists are suspect—even very suspect. They would like to regain the monopoly that, in their view, belongs to them, to control everything in the area of ethnic problems, a monopoly they lost when several political parties that had their own national programs appeared. All of those who, so far, had their say in competing with their "comrades" have lost their positions. However, having sensed the advent of new times and proclaimed themselves "dissidents," they joined ethnically based parties. However, some of them are still closely tied to the state security services and are, at the same time, on the payroll of the institutions of the "regime," on which they now spit and insist on destroying those institutions in accordance with the "demand of the people"(!). Motivated by their dishonest past and their heavy conscience, they try, with the help of political intrigues and insinuations, to drag down others with them. However, the people are smarter than they think. This became apparent in the first free elections, and it will happen in the second as well....

[Sholjakovski] The information media are increasingly becoming targets of attack. Noninstitutional pressure is increasing. What is your view?

[Golubovski] The information media were able to remain above the level of the political parties before, during, and immediately after the elections in describing democratic processes. Of late, privately owned newspapers have also appeared, which, in the name of democracy and independent journalism, are actually directly in the service of some parties. This applies to MAAK and the DPMNE. However, the government, too, is "active"! It is indeed unacceptable for the Macedonian government to be so specifically in the service of the political underground. The public demands an answer concerning



the truth of the "Small Station" affair, and concerning the budget funds appropriated for "demilitarization," and so forth.

The attacks on NOVA MAKEDONIJA and the MRTV [expansion unknown] are part of the strategy for the creation of chaos in the Republic and an open attack on democracy in the Republic of Macedonia.

**Macedonian Minister for Development Interviewed**

92BA0715A Skopje NOVA MAKEDONIJA  
in: *Macedonian* 19 Mar 92 p 2

[Interview with Development Minister Goce Petreski by B. Crvenkovska; place and date not given: "Anti-Inflationary Program Needed"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] With high inflation, no real economic growth can be generated because hyperinflation erodes even the most powerful motivations for economic activities. The necessary political and social climate has not been developed for a proper stabilization policy.

Since the beginning of this year and, particularly, the past month, as a result of the intensification of negative foreign and domestic influences that have worsened work and production difficulties, there have been increased accusations leveled at the government for having done nothing or very little to help the economy and because an economic policy for the year, and so forth, has still not been defined. We discussed the overall economic situation of the Republic and the intentions of the government in this respect with Goce Petreski, minister for development.

[Crvenkovska] Do you know the reasons for the claim that the economic policy of the Republic has still not been defined and the fact that the Ministry of Development drafted a document entitled "The Macroeconomic Policy of the Republic of Macedonia for 1992," which was accepted by the government and for which an implementation plan exists?

[Petreski] I can explain this in greater detail. On the one hand, it is a question of different perceptions concerning the essence of this document and the expectation of an administrative statistical and planning resolution of the ordinary variety. In the past, we had no expertise in this area, and it is normal that there was a certain objective number of unknown factors. In the Assembly, the lack of understanding triggered an unclear legal procedure that was equivocal in terms of that document. Furthermore, the parties' statements place greater emphasis on the fact that nothing has been accomplished rather than the claim that something is worthless. Regardless of the nature of the document, this is inevitable because, without such a qualification, the question makes no sense, and, furthermore, the search for another alternative becomes necessary. Speaking honestly, there is a lack of information; the daily problems are becoming

increasingly burdensome, and the belief that any document could improve matters is being undermined. No one can deny this. It is high time to develop practically oriented features. This creates a clear danger and a risk. The delay itself should not be worrisome. Under the present circumstances, it is difficult to project the kind of steps that would be effective for more than a few weeks. Otherwise, in the adoption of the various instruments, the steps would be more like a literary exercise, something we have had quite a lot of so far. It must be borne in mind that resource limitations cannot be dealt with by passing laws. What is more important is that they take time, something we do not have in abundance. Some problems were caused by the absence of an explicit feature in the document in the area of military policy because there was an insistence to link to this document some basic political decisions that far exceeded its scope and that should have constituted its own framework instead of being derived from it. The claim that the economy is "still" unfamiliar with economic management conditions is, to me, an absurd statement and a recurrence of the planned economy, as is the colloquial statement "once and always." The specific conditions for economic management are extremely complex, as are unexpected events in life. Many of the determining factors, particularly in an open economy, are independent of our will. This is a philosophical and not only a strictly economic constant. We still find in our subconscious a belief I will describe as scatological and the expectation that the state will know everything in advance and will give instructions on what to do about everything, how to do it, and how much of it needs to be done. For the past year, the best known economic periodicals in the world have been engaged in a debate on whether the global economy is still in a recession or has come out of one and when we can expect a revival.

Why are we behind in the area of economic policy? The reason is that we are still experiencing a difficult unstable period that is strategic-political, global, and specific to us, and the fact that all economic variables critically depend on political views and interests. The "development" phase in which we find ourselves is intrinsically unstable because of the global collapse of socialism and the collapse of the individual markets, as well as the efforts to develop structural reforms and a global protectionism on the world markets.

Furthermore, the other areas of economic policy, the fiscal policy and the policy of revenue, above all must be consistent with the objectives of the monetary policy. If no such harmony exists, the number of instruments for influencing economic movements becomes limited. It is for those reasons that we develop a parallel approach: taking into consideration the reality that we are part of the dinar monetary system and also developing the possibility of having our own monetary policy. Understandably, such alternate documents are less efficient but reflect the broader reality. Despite all of this, the planned monetary and fiscal policy is one of stabilization. Greater restrictions would threaten the production process, which, as it were, is extremely low, and which is



worsened because of the problems of payments and social costs. It is my belief that the political and social climate for a stabilization policy has not been created. A socially attainable reform requires a social consensus for expenditures, which are heavily influenced, and a well-developed social security system. All of the efforts so far to make certain changes in the distribution of income, even when minor, have met with fierce reactions and nervousness. There is too little readiness to deal with reality and too much political resistance.

Let me mention once again that the government considers that document together with a larger array of balances, projections, and consideration of some strategic deficits, which, actually, present the most difficult economic problem. It is obvious that the Macedonian economy is operating way below capacity, with an accumulated huge immediate debt and rescheduled debts in hard currency and substantial economic and noneconomic deficits, and that, from the technical and political point of view, considered in terms of its payment and balance-sheet aspects, this problem will exert the heaviest possible influence in future economic developments.

[Crvenkovska] Are some solutions to such deficits being contemplated?

[Petreski] Technically, there are some steps that can be taken to eliminate the deficits, ranging from rescheduling to redemption. They are multiplying very unsatisfactorily. On the other hand, they are related to the problem of repaying the foreign debt. We must apply a policy of adaptability in which the determinant factor will be the indebtedness, which will influence the other factors, ranging from privatization and tax policy to importing consumer goods and to foreign expenditures. Normally, other related steps must be taken, some of them of a structural nature. However, as I already said, we must not underestimate the fact that virtually all economic problems also have a political content and foundation.

[Crvenkovska] Under the conditions of such continuing deficits and the tremendous inflation, how realistic is it to expect that the target of the macroeconomic policy will be reached, above all, putting an end to production decline and ensuring its eventual growth?

[Petreski] No production growth can be expected as long as we have such a high rate of inflation. Now we must

draft an anti-inflation program. However, this is not a strictly technical problem; it is a political one as well. We are considering the two variants: the dinar variant and that of having our own currency, the appearance of which will depend, above all, on the political situation. In any case, the most important thing now is to control inflation in order to stabilize economic conditions.

[Crvenkovska] Could we now speak of Macedonian development strategy? Actually, this has also been the target of increased criticism of the government by some political parties.

[Petreski] I think it would be really difficult to formulate a development strategy under the conditions of a persistent political and economic uncertainty. Theoretical and practical experience teaches us that one must be cautious in formulating development strategies that may turn out to be wrong. The most suitable strategy for us is that of an open economy, with clear government regulations, based on adapting ourselves to the changes taking place abroad. The technical and political weaknesses of such strategies are known.

[Crvenkovska] Bearing in mind the chaos that exists in management and the field of economics, have you a concept of what should be done first in order to stabilize the crisis?

[Petreski] It is of critical importance to either have or establish control over the economic situation. Above all, macroeconomic stability must be attained. Excessive inflation cannot generate real economic growth. Hyperinflation erodes even the most subtle motivations for economic activeness. Excessive inflation does not permit the pursuit of an economic policy. Permanent indexing becomes an excessively complex and excessively expensive procedure to the point at which the fiscal segment of the economy becomes weak and money becomes a worthless tool. We must continue to develop the system, which is no easy matter. Subsequently, we must resolve problems related to the strategic deficits, critical inputs, and other accumulated problems. At the same time, we must seek financial aid in the broader meaning of the term, of all kinds and from all national and international organizations and institutions with which we have developed some cooperation; otherwise, cooperation will be established on the basis of the political recognition of Macedonia. Work is being done in all such areas. Should we mention that the results are not exclusively determined by our activities and expectations?

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